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National Home Center News®

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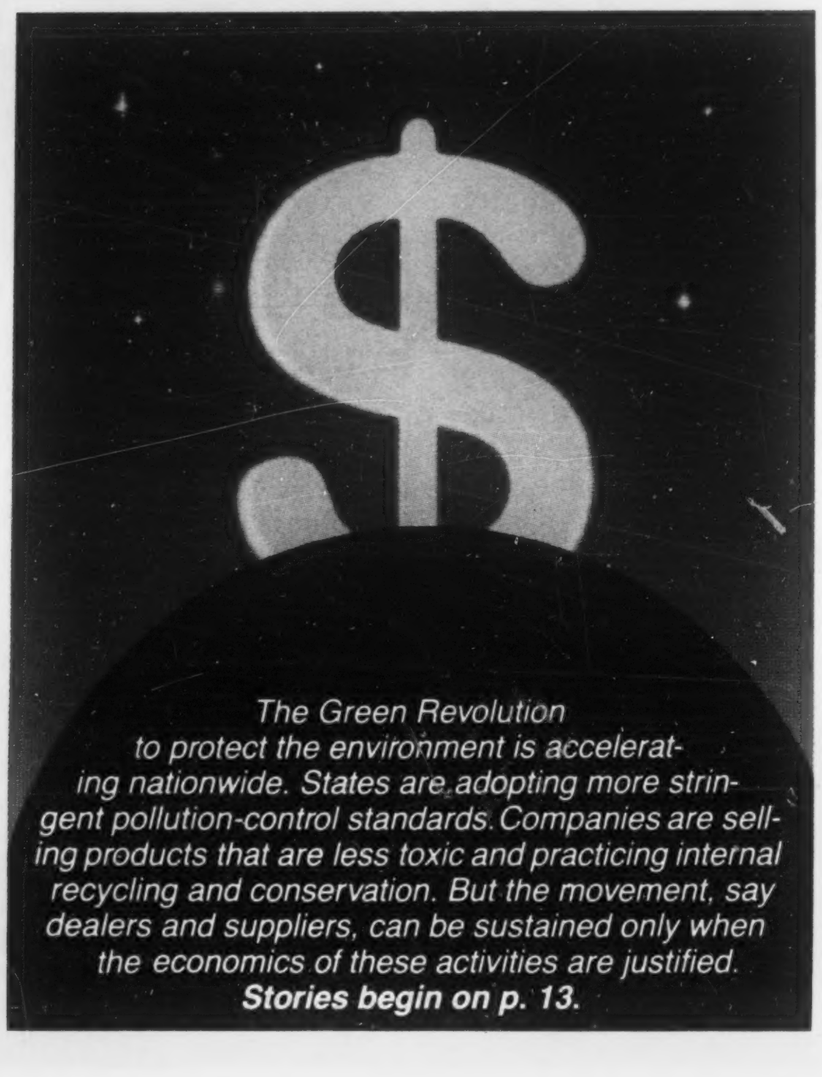
THE GREEN REVOLUTION



The Green Revolution to protect the environment is accelerating nationwide. States are adopting more stringent pollution-control standards. Companies are selling products that are less toxic and practicing internal recycling and conservation. But the movement, say dealers and suppliers, can be sustained only when the economics of these activities are justified.
Stories begin on p. 13.

Dealers finding Chicago 'burbs to be prime spot for new business

By Gary Ruderman

CHICAGO — A lack of competition, a glut of retail space and lower development costs are cited by developers and dealers as what's priming the pump for an onslaught of new home improvement and discount store retailers in Chicago's suburbs.

News Analysis

Not since K mart subsidiary Builders Square opened here in 1985 has Chicago's suburban market been so ripe for expansion. And, once again, K mart is making the news.

K mart officials confirmed that Builders Square would boost its store count here to 27 from 18 during the next 36 months. While no specific locations were disclosed, K mart's announcement comes on the heels of the opening of new Menard's stores this month in the suburbs of Naperville and Elgin, with six more to open in 1992. Menard's, based in Eau Claire, Wis., has long-range plans to have 50 stores in the Chicago area.

> The Windy City has become a very popular market into which many powerful chains will expand.

Next year, Waban subsidiary HomeClub will open seven stores and debut the California-based firm's new name.

The wild card in this expan-

(Continued on page 53)

Chase-Pitkin gives local students extra incentive to finish school

By Robyn Taylor

ROCHESTER, N.Y. — When 15-year-old Mario Ramos first moved here from Puerto Rico five years ago, he couldn't speak a word of English. He struggled to get by in school, but he simply could not keep up with the rest of his class.

Marvin Parker, 16, also did poorly in school, but language wasn't his problem. Parker spent his junior high years mixed up in gangs and had no interest in attending class.

Now both boys say they are motivated students whose lives have changed, thanks to Wegman's Work-Scholarship Connection Program that includes weekend jobs at Chase-Pitkin Home Center on Highland Drive.

If it weren't for this program, Parker said he probably would have ended up on the streets and Ramos said his English may never have advanced so rapidly.

The program, started by the 44-unit Wegman's supermarket chain in 1987, provides part-time jobs at the supermarkets or Chase-Pitkin—a subsidiary of Wegman's—for students who may need special motivation to complete their high school education.

Each student in the program is given a school sponsor, who keeps abreast of what

(Continued on page 53)

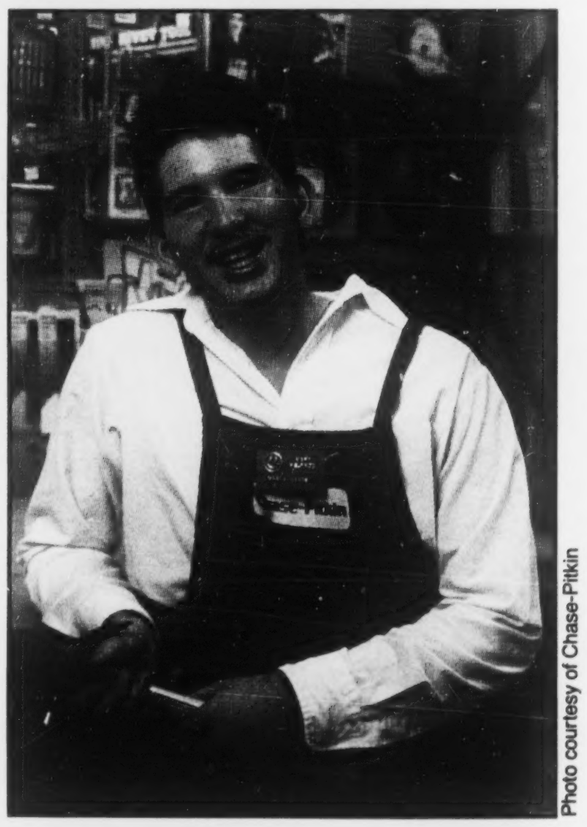


Photo courtesy of Chase-Pitkin

Mario Ramos works part time at Chase-Pitkin, in a program offered by its parent.

Wholesalers told their prices, costs aren't competitive

At recent NWHA show, Illinois manufacturer sounds warning

By John Caulfield

WASHINGTON — The president of a manufacturing company recognized for its strong support of distributors used a recent industry convention to warn wholesalers that their costs were not competitive with retailers', and that further industry consolidation may be their best hope for the future.

MasterBrand Industries (MBI), Deerfield, Ill., was awarded "Manufacturer of the Year" by the National Wholesale Hardware Association during its annual convention, held here Oct. 20 to 23.

MBI—the umbrella corporation that includes Moen, Chicago Specialty, Master Lock, Waterloo and Aristokraft—generates 60 percent of its $900 million in annual sales through two-step distribution.

Randy Larrimore, MBI's president, accepted the award

(Continued on page 54)

Hancock Lumber names president from outside the family ranks

By Elizabeth Brent

CASCO, Maine — For the first time in its 132-year history, Hancock Lumber appointed a new president from outside its family owners.

Toby Hammond, who has spent 24 years with the company, became president and chief operating officer on Sept. 25, while David Hancock was promoted to chairman and ceo.

Hammond, 46, has already made his mark as executive vp, managing Hancock's sawmill and timberland divisions. The two mills produce 25 million board feet a year, and recently have been having banner production months by taking advantage of the shortages of lumber from the West Coast.

(Continued on page 54)

SECOND CLASS

National Home Center News
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Green Cross comes under fire, page 3

THE GREEN REVOLUTION

. . . but not for a lack of 'eco-conscious' products

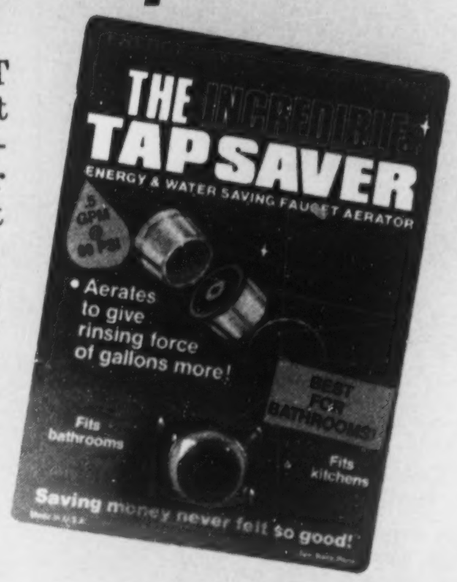
By an NHCN staff editor

NATIONAL REPORT — Finding products that claim to preserve the environment or conserve our natural resources is not that difficult these days.

The National Hardware Show this year featured 16 manufacturers whose titles included some variation of the words "biology," "environment," "green" and "organic."

In recent weeks, *NHCN* has received press releases describing environmentally friendly products from more than 80 manufacturers.

The following is a sampling of some of the more intriguing items, although this listing does not constitute confirmation of these products' claims by this publication. Retailers and distributors should consult with their suppliers as to the nature of these products and the validity of their environmental claims:



Resources Conservation of Greenwich, Conn., offers the Incredible Tap Saver, which limits tap water.

Roebic's natural lawn and garden products help ease the burden on overflowing landfills.

• Pressure-treated wood has come under fire lately, as environmentalists charge that harmful chemicals can leak out of the wood and into the ground. But a company based in Charlotte, N.C., called **CSI Inc.**, is getting ready to release an alternative to chromated copper arsenic (CCA) pressure treatment of lumber.

The chemical, to be introduced next spring, is called ACQ (for ammoniacal copper quatinary). It reportedly uses no chromium or arsenic to treat the wood against termite attack and decay. The product is already in use in Scandinavia and Germany, where application of CCA has been banned, according to CSI vp-marketing Jim Saur;

• Timber and gypsum board have received the most attention in terms of new environmental products and programs. But there's been a raft of new introductions throughout all sectors of this category.

Monsey Products, Kimberton, Pa., makes a driveway sealer that reportedly meets or exceeds government regulations for controlling volatile emissions into the atmosphere.

Millwork companies are trying to start programs that replenish the forests. One such manufacturer is **Wing Industries**, which claims that some 7,000 customers so far in 1991 have taken the Dallas-based firm up on the invitation to have a tree planted for each Wing door that they buy;

• A host of lawn and garden products now make environmental claims. Among them is a liquid product by **Roebic Laboratories** of Orange, Conn., which acts as a composting and de-thatching catalyst on grass clippings and foliage. The active ingredient is a specially formulated bacteria that thrives on dead plant material.

Another area in L&G is fertilizers that use no toxic chemicals. **Harmony Products** offers slow-release lawn fertilizers that are said to combine organic poultry by-products with trace amounts of synthetic nutrients to give lawns, flowers

(Continued on page 53)

Internal conserving is good for the Earth and, often, the bottom line

By John Caulfield

NATIONAL REPORT — Last summer, Riggs Supply, a retailer based in Kennett, Mo., lowered the ceilings in all eight of its units to between 15 and 21 feet from between 18 and 24 feet, to create a "brighter" environment and cut down on heating costs.

The lowered ceilings complemented the installation, a year earlier, of commercial ceiling fans that were connected to the store's air-conditioning thermostat and work in unison with its heaters suspended above. "I used to hear those heaters kicking in all the time," said company president Dolph Riggs III. "Now, not so much."

Environmentalism and cost savings have intersected, as more dealers than ever are looking inward to see where conservation and recycling programs can bring more dollars to the bottom line.

Riggs estimates that the expense of lowering the ceilings, which ran only around $2,500 per store because employees did the work, will be "totally recovered," through reductions in heating costs, within a "maximum" of three years.

The cost savings from recycling have been more modest, though most dealers feel their activities will eventually pay off, both from a conservation and a profit standpoint.

Driven by economics

Home improvement retailers admit that what their companies are doing for the environment is motivated primarily by economics. "We recycle when it makes business sense," said the chief executive for a large Midwest chain, who echoed sentiments expressed by several other dealers contacted for this article.

But many companies around the country are working quietly but aggressively to recycle waste from their offices, their stores, their sawmills, their warehouses and their factories.

They are educating their employees and, in some cases, their customers about recycling and saving energy. And in most cases, dealers are not looking for any publicity or marketing advantages.

One of the more elaborate campaigns on the environmental front has been waged for several years by Standard Brands Paint Co., the Torrance, Calif.-based specialty retailer and paint maker.

Over the decade the chain has collected and recycled more than 23 million pounds of cardboard from its DCs and factories; employees have recycled 1.3 million pounds of computer paper over the past five years; by shipping its paint in reusable trays, the company saves 2 million pounds of cardboard annually.

More significant has been the recycling done within the company's paint-making division, which used to dump more than 1,300 tons of waste per year into landfills.

In 1981 the company introduced what Craig Walker, its vp-communications, said was the industry's first "closed loop" to recapture liquid and solid waste produced when paint is made.

When 11,000-gallon paint storage vats are cleaned, the wash water and solid residue are run through a separating and recycling machine. The water is purified and reused for vat cleaning; resins and pigments are added to the solids to produce maintenance-grade paint that's sold or given away for municipal or industrial application.

Walker stated that Standard Brands now recycles 100 percent of this waste, and saves more than $500,000 annually in the process.

California has recognized the company's plant as a zero-waste producer, he said.

'Series of little things'

Others around the industry have taken smaller, though no less significant, steps to save money through recycling.

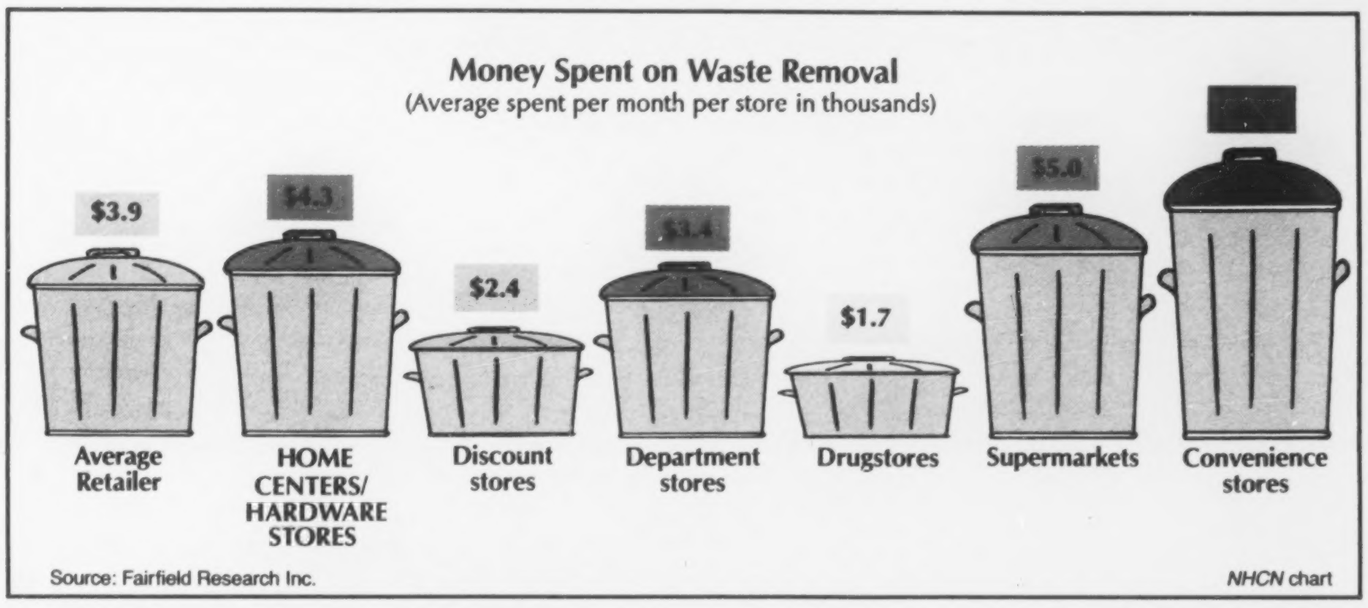
"Environmentalism is a series of little things," noted Peter Ganahl, president of Ganahl Lumber in Anaheim, Calif., which for the past few years has tried to keep waste from its three stores out of landfills.

All of those stores' wood waste now goes into what Ganahl calls a "hog," a machine that turns the wood into shaving chips that are resold to landscapers and horse barns. An on-premises crusher is used to recycle corrugated box waste. Another machine chops steel bands that bind lumber which is delivered to the store into 1- and 2-inch pieces that are sold to a steel recycling plant.

Ganahl asserted that his company's efforts definitely have a cost-saving agenda, as hauling costs for a 30-yard dumpster of trash have risen to around $280 per load from $50 only three years ago.

He conceded, though, that neither the chopper nor the crusher is profitable. But his company's environmentalism works as an internal "disci-

(Continued on page 18)



Escalating hauling and dumping costs have prompted dealers to develop conservation and recycling programs at their stores and headquarters.

Recycling can make good business sense, too

(Continued from page 17)

pline" that will eventually become a money-maker.

Profit a long-range goal

Recycling, in fact, is not a profit center for most dealers.

For example, last year Stambaugh-Thompson began sending wood pallets to an Akron, Ohio-based shredder. It repurchased seven truckloads of this recycled product and sold it in its 21 stores as 3-cubic-foot bags of generic mulch for $3.99.

"Each pallet costs $1 to $1.50, so we're not making any money on this," said Keith Berlin, the chain's corporate maintenance manager. "We just don't have any better way of getting rid of the pallets."

Berlin noted that the Youngstown, Ohio-based Stambaugh's has a growing internal recycling program in place. On Nov. 1 employees volunteered to collect cans, newspapers, aluminum and other recyclables from other employees during the company's first "Bring It From Home" recycling day. Proceeds from this effort will be donated to the charity of the employees' choosing.

Bailers have been installed at most of Stambaugh's larger stores for the collection of corrugated paper, which is sent to Associated Paper Stock, a recycler. Through September, the chain had shipped about 40 trucks of corrugated paper, or 480,000 pounds.

Recycling roadblocks

Trying to recycle or conserve, though, is not always easy, as dealers say they've been thwarted by circumstances beyond their control.

Dolph Riggs said he'd be "receptive" to allowing Riggs Supply's stores to serve as community recycling centers. The problem, though, is finding someplace to bring the waste in rural markets where no government-sponsored recycling program is set up.

Pro Hardware, the wholesaler marketing organization in Denver, had trouble finding a recycler to pick up recyclable refuse from its offices because of the relatively small volume of waste they produced and their third-floor location, according to Pro's senior vp-operations, Richard Paige.

To help conserve water in parched Southern California, Ganahl Lumber offered the city of Garden Grove a plan for its new store there that included reducing by one-quarter the amount of water used for landscaping. A perplexed Ganahl said the city rejected that part of the plan and demanded that its 50,000-gallon-per-week code be followed.

Mark Eisen, environmental officer for Home Depot, noted that one of the chain's markets—Sarasota, Fla.—requires recycling of wood, metal, yard waste, computer paper and aluminum cans, but doesn't have facilities to recycle wood and metal, which are collected together.

Home Depot has installed waste management programs in its 13 Atlanta-area stores, and the effort is paying off. Eisen noted that using 9,000-pound-capacity trailers whose refuse is hauled every four to six weeks is cheaper than using compacters that are hauled every other week.

Home Depot nets about $100 per trailer load. And recently, one of its stores found in a trailer $500 worth of vertical blinds that had been inadvertently thrown away. Had that store been using a compacter, those blinds, said Eisen, would never have been seen. ◆

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Wholesalers get warning at NWHA show

(Continued from page 1)
and used the forum to warn the assembled distributors that they needed to get their costs down or sacrifice business to more-efficient retailers.

During his acceptance speech, Larrimore lamented that the number of wholesalers attending this function had shrunk to 54 companies from 70 in 1987. That drop has come to symbolize the decline in importance of two-step distributors for many suppliers.

"Relatively speaking, it is becoming increasingly expensive to serve two-step distributors," said Larrimore in his prepared comments. "Other distribution channels [i.e., retailers] are working diligently to reduce channel costs by installing EDI, developing POS information systems, having vendor-managed inventories, reducing duplicated functions and . . . re-engineering how they do business."

In a subsequent interview with *NHCN*, Larrimore elaborated that hardlines wholesalers need to find technological solutions to their escalating operational costs. The Catch-22 for many, though, is that they are either too small to be able to afford these advanced systems or are unwilling to cede their autonomy to larger forces.

Larrimore had particular praise for the efforts by Distribution America, the amalgam of the Liberty Distributors and Sentry Hardware marketing groups, to find ways of handling some functions for their wholesaler membership.

He suggested that individual wholesalers may have to turn more of these functions, like buying and accounts payable, over to centralized organizations like Distribution America or Pro Hardware to eliminate duplicative costs.

Larrimore's comments were made to jittery wholesalers, worried about the economy and their prospects for sales and profits next year.

Many hardlines distributors could report that their sales in recent months, and particularly in September, had improved, although none was willing to hazard an explanation why.

While convention attendees thought the New England and Southern California markets still were a long way from recovery, most are anticipating some growth in their businesses in 1992.

Morse Hardware president Robert Morse, who was completing his two-year term as NWHA's acting president, told an audience of wholesalers and manufacturers that the industry's return on investment and inventory turnover rate continued to be "inadequate."

And suppliers interviewed by *NHCN* said they expected their distributor customers to be buying with extreme caution for next year, at least until the economy shows some signs of recovery.

Some saw that happening in early fall.

For instance, Odell Hardware's sales in September were up 47 percent. Even taking into account the fact that Odell last year was a division of the now-defunct General Hardware Co., these gains are significant, and were achieved in part by the introduction of a new variable pricing system.

The conventioneers took time out from their negotiation of future deals to honor Bill Hooten, the former president of Liberty and now Distribution America, who will retire on Jan. 4. Hooten received the NWHA's annual Luekens Leadership Award.

Morse turned over the association presidency to Neil Marglous, the president of Witte Hardware in St. Louis, who will serve in that role until 1993. ◆

BMC West buys Texas dealer

(Continued from page 3)
Home Depot and HomeClub, contributed to the company's decision to exit the market (*NHCN*, May 21, 1990).

"This is the wind down," said O'Malley, adding that he is pleased that a well-run company like BMC West is taking over the sole remaining store.

O'Malley and Ellis Goebel, BMC West's vice president and treasurer, said that business at the store will be unchanged by the sale and that all 61 employees will be kept on.

For BMC West, this location fits in perfectly with the company's plans to expand in the West, Goebel said.

He said that BMC West will most likely not look to expand further south into Texas but that the company is considering future sites in Arizona. ◆

Hancock taps 24-year veteran for president

(Continued from page 1)
Under his leadership, Hancock Lumber widened its market base in the United States and Canada and started exporting to new destinations, including Spain and the Caribbean. The division also introduced value-added products like bar-coded short boards and began shrink-wrapping certain products.

Hancock Lumber has already restructured its management team, and promoted Rich Merk to senior executive vp and retail coordinator for all nine stores. There are six lumberyards, an Eagle window store and two discount outlets known as Bargain Barns.

Merk's challenge will be to boost retail sales and profit at a time when local home building is still hurting. The company hopes to strengthen its market niche with an intensive customer service campaign.

All employees will be measured on customer performance standards and rewarded with a variety of incentives. ◆

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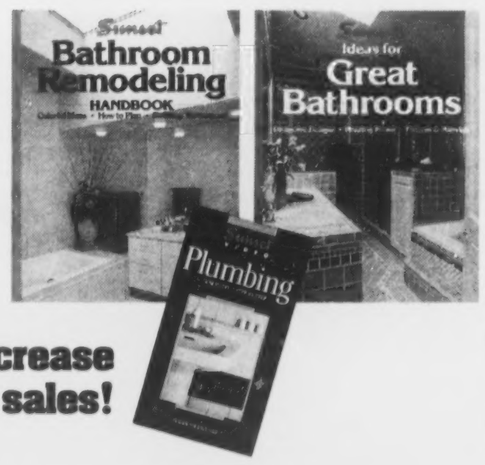

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American Express targets top home centers

Direct mailers sent to Rickel, Home Depot customers

By John Caulfield

NEW YORK — "Do you know us? We're home center chains where you can get discounts on purchases when you pay with your American Express or Optima card."

Rickel Home Centers, Scotty's, HomeClub, Builders Emporium and Home Depot are among the home improvement retailers that can make this claim, as their stores have been featured prominently in recent months in literature American Express Travel-Related Services Co. has been sending to its cardholders.

Early this year, American Express approached large retail companies, including several home center chains, that do more than $10 million in sales paid for with American Express cards about participating in a customized advertising and promotional campaign.

This fall, a number of direct mail pieces, as part of that campaign, were sent to consumers. The dealers' only obligation was to accept American Express or Optima as payment for customers' purchases.

American Express has initiated these promotional efforts at a time when it has encountered considerable difficulty marketing its Optima card. In addition, the lingering recession has taken a sizable bite

(Cont'd on p.40)

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Rickel knows the 3 R's of home maintenance – Repair, Redecorate, and Renovate – so we stock everything to make your home better than ever... for less! We're also dedicated to serving you better than ever. Between now and November 16, you can join us for a Do-It-Yourself Workshop every Saturday in every store at 10 a.m. and 2 p.m. Stop by or call 1-800-999-3538 ext. 5244 for store locations and details!

Now's the time to shop with the Card at Rickel. Save 15% on purchases of $50 or more when you use the American Express Card or the Optima℠ Card at Rickel through November 30 (sale merchandise is excluded). Simply redeem this postcard at the register along with your purchases and the American Express Card to receive your discount. We aim to help you do it better with everything from lighting fixtures to custom tinted paints, kitchen cabinetry to floor tile. Plus, when you use the Card, you get the Protection Privilege℠, which gives you extra shopping protection through the Purchase Protection℠ Plan, Lemon Assurance and the Buyer's Assurance℠ Plan.

Rickel

DON'T LEAVE HOME WITHOUT IT.

Postcard from American Express promotes 15% card discount and workshops at Rickel.

Hechinger to shut seven units in repositioning

Most in HQ markets

By John Sinisi

LANDOVER, Md. — Hechinger Co. is going forward with plans to reposition itself, as it prepares to close seven Hechinger home center units and open HomeQuarters Warehouse stores as far west as St. Louis.

The units scheduled for a January shutdown are in Newington, Conn.; Harrisonburg, Va.; Washington, D.C.; Greenville, S.C.; Durham, N.C.; and Charlotte, N.C. (where two will close). In general, HomeQuarters stores already serve markets where these Hechinger stores will be shut, said president and ceo John Hechinger Jr.

He said that the company waited to close most of these stores until there were a sufficient number of HQs covering each of those markets. There are two notable exceptions: The 30,000-square-foot Harrisonburg store, set up to test the viability of a small-format Hechinger, did not perform as well as hoped; and the 8,000-square-foot D.C. store on Georgia Avenue will close because of its age. Two other Hechinger stores remain in the District of Columbia.

All remaining Hechingers eventually will be remodeled to conform with the company's Home Project Center format, which debuted in Glen Burnie, Md., last spring and is now in six Baltimore stores.

John Hechinger said in a prepared statement that

(Continued on page 5)

Pergament implements cost cutting, restructuring

Secures loan to maintain store opening program

Photo courtesy of Pergament Home Centers

Pergament gm Bruce Falk, who resigned this month after his duties were split.

By Elizabeth Brent

MELVILLE, N.Y. — Pergament Home Centers recently secured a $13.5 million loan for general working capital, in part to cover its aggressive store opening strategy.

But that strategy—happening as the economy is still flagging, especially on Long Island, N.Y., where Pergament operates 20 stores—finds the chain scrambling for budget savings through cost-cutting and restructuring of its headquarters management.

The most prominent change in management was the surprise resignation of vp-general merchandise manager Bruce Falk on Nov. 4.

Undermined by economy

The 34-unit company declined to confirm the size of the new loan, secured with the Westdeutsche Landesbank and another lender. But Steven Coleman, Pergament's chief financial officer, said that the "new funding was for general working capital purposes, and the amount of money received reflected the heavy investment in new stores over the last six months."

During that time, Perga-

(Continued on page 39)

POWER

Finishing Products Stories begin on page 13

Britain's B&Q opens a 'U.S.-style,' new-generation, Depot superstore

By an NHCN staff editor

EASTLEIGH, England.— B&Q, Britain's leading DIY chain, has opened the first of a new generation of home improvement superstores in Leeds, in northern England.

Operating under the B&Q Depot banner—first unveiled at Chelmsford, in southern England, a year ago—the latest store has a stronger warehouse focus and some novel customer service ideas.

"This is the closest thing to U.S.-style home improvement retailing that you'll find in the U.K.," said Jim Hodkinson, B&Q's ceo.

"At Leeds, we offer the

(Continued on page 39)

Photo courtesy of B&Q plc

Power aisle of the latest B&Q Depot, in Leeds, England: The home improvement superstore has a strong warehouse focus.

NAHB holds first remodelers' show, page 3

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Pink to succeed Hooten as pres. of Distribution America

By an NHCN staff editor

DES PLAINES, Ill. — Ron Pink, who rose from positions as a buyer at Cotter & Co. to managing director of Sentry Hardware Corp., was elected president of Distribution America, the amalgam of Sentry and Liberty Distributors formed earlier this year.

Photo courtesy of Distribution America

Ron Pink

In this capacity, Pink, 52, succeeds William Hooten, the former Liberty president who became Distribution America's chief when Liberty and Sentry merged on July 1. Pink was named president at the new organization's board meeting last month in Washington and will take over when Hooten retires Jan. 4, 1992.

Pink said the integration of Sentry and Liberty has gone well, and changes underway were making the merged group "more attuned to a retail orientation." Distribution America has 38 distributor members and about 8,300 active retail accounts under the Sentry Hardware, Golden Rule, Trustworthy Hardware, Hardware Hank and Our Own Hardware logos.

The two companies had combined sales in excess of $1.8 billion last year, according to company reports.

Pink said through the first part of November, the reconfigured Distribution America buying organization made new supplier contracts with 25 percent of its 500 vendors.

Pink had been a department manager with Cotter. After eight years, he moved up to positions in sales and merchandising management. He left Cotter in 1985 to become managing director of Sentry, based here. ◆

NAHB's first remodeler's show draws 6,000 pros but few dealers

Convention offered 171 exhibits, over 40 seminars

By John Sinisi

PITTSBURGH — The National Association of Home Builders' First Annual Remodelers Show attracted over 6,000 professional remodelers here to the Lawrence Convention Center in early November.

The convention offered exhibits from 171 manufacturers on the 31,000-square-foot convention floor, and over 40 different educational seminars over a three-day period.

Surprisingly, few home improvement retailers took the opportunity to attend the show and network with potential professional customers from all over the country. Representatives from 84 Lumber, Fagen's and Lowe's were in attendance. But Payless Cashways was the only chain that actually took out a booth to push its commercial sales program.

"We understand the needs of the audience here, so this is an excellent show for us," said Payless regional commercial services manager David Lowrey. He said that the show was ideal for identifying the various Payless store names—Hugh M. Woods, Furrows, Somerville Lumber, Knox Lumber and Lumberjack—as destination stores for remodelers.

NAHB Remodeling Council director Bryan Patcham could not say how many retailers may have visited the show on a walk-in basis, but was confident that anyone who sells to pro customers will hear about the value of the show and make it a point to attend in 1992.

NHCN photo

The show, which placed special emphasis on the remodeler, took place on a 31,000-square-foot floor and featured over 40 seminars.

Business seesaw predicted

Those who did make it to the convention were especially impressed with the special emphasis it placed on the remodeler, as compared to NAHB's annual Builders Show in January.

"There was a much greater selection of educational programs for our business here than at the Builders Show," said Cynthia Milloy, president of Oaken Hammer Construction in Silver Springs, Md. "There were seminars here not just for owners and managers, but for my key employees in the accounting, estimating and design departments."

Two seminars that drew the largest crowds were the remodeling market forecast for the next 10 years, and a 1991 consumer survey on remodeling trends.

(Continued on page 36)

Pay 'N Pak wins final court OK of bank financing plan

By Robyn Taylor

KENT, Wash. — The U.S. Bankruptcy Court in Seattle gave Pay 'N Pak final approval on Nov. 8 on its $100 million financing package from the bank group led by Manufacturers Hanover Trust.

John Markley, president of Pay 'N Pak, had expected final approval of the financing—$40 million of which is new money—since it got a preliminary okay on Sept. 30.

The 78-unit chain in recent weeks has been able to replenish its stores' inventories sufficiently to begin advertising again. The renewed campaign began in late October and Pay 'N Pak has realized "dramatic weekly sales increases," according to a company spokesperson.

It has also restructured its agreement to parcel off its stores in California. Originally, the chain planned to sell 16 leases and eight properties in California to Tri-Equity Investments in San Ramon, Calif., for $34.5 million.

Under the new agreement, Tri-Equity will buy six properties and nine leases for $22.3 million in a three-stage closing process that should conclude sometime in February.

The company is also negotiating separately to sell a unit in Indio, Calif., that is part of a shopping plaza, for $7 million, and a store in Salinas, Calif., that is expected to fetch another $3 million.

> The chain has several real estate deals in the works and has begun to advertise again.

And, according to the company's spokesperson, Pay 'N Pak is close to selling its store in Honolulu. All these real estate deals are subject to court approval. A hearing is scheduled for Nov. 21.

Of the seven remaining California properties, Pay 'N Pak retains the right to seek a buyer for each of them. "This is not a lease rejection situation," said the spokesperson.

MIS system, TV ad begin

Markley told *NHCN* that the delayed California sale at the lower price would not affect business. The only thing different now is the timing, he said.

(Continued on page 5)

Grossman's quarterly income down 16% due to hard economic times

By an NHCN staff editor

BRAINTREE, Mass. — Persistently tough economic conditions in its eastern region eroded Grossman's gross margins, forcing the company to post a 16.1 percent decline in third quarter net income.

The 139-unit chain earned $5.7 million on sales that were up less than 1 percent to $230.7 million. Although costs of sales increased by about 4 percent, the company managed to cut operating expenses by some 7 percent.

During the quarter, Grossman's Eastern Division held grand re-openings of three large stores in Buffalo, and five smaller stores in three states.

In a letter to suppliers dated Aug. 1, company president Bruce Weitz described the smaller stores as a testing ground for new merchandising concepts, many of which made their debut in Grossman's Danvers, Mass., store. The new ideas include covered lumber racks to protect the quality of the stock.

At the tail end of the second quarter, Grossman's Western Division took its first step into Northern California this year when it opened a new unit under the name Contractors Warehouse, near its new headquarters in Sacramento (*NHCN*, Oct. 14).

In October, Grossman's received $7.5 million in proceeds from mortgage financing on three of its owned stores. This is the second time this year that the company has used any of its stores to secure financing. On June 20, the company received $8 million from Chemical Bank for the mortgage of five stores in New York state.

Grossman's also received $14 million on the same day from the sale to BancOhio National Bank of the company's revolving credit card portfolio.

Unfortunately, Grossman's disappointing quarterly performance kept the retail concern from paying down any of its pre-existing debt this period. As a result, its long-term debt as of September 1991, $56.3 million, is 3 percent higher than at the same time last year.

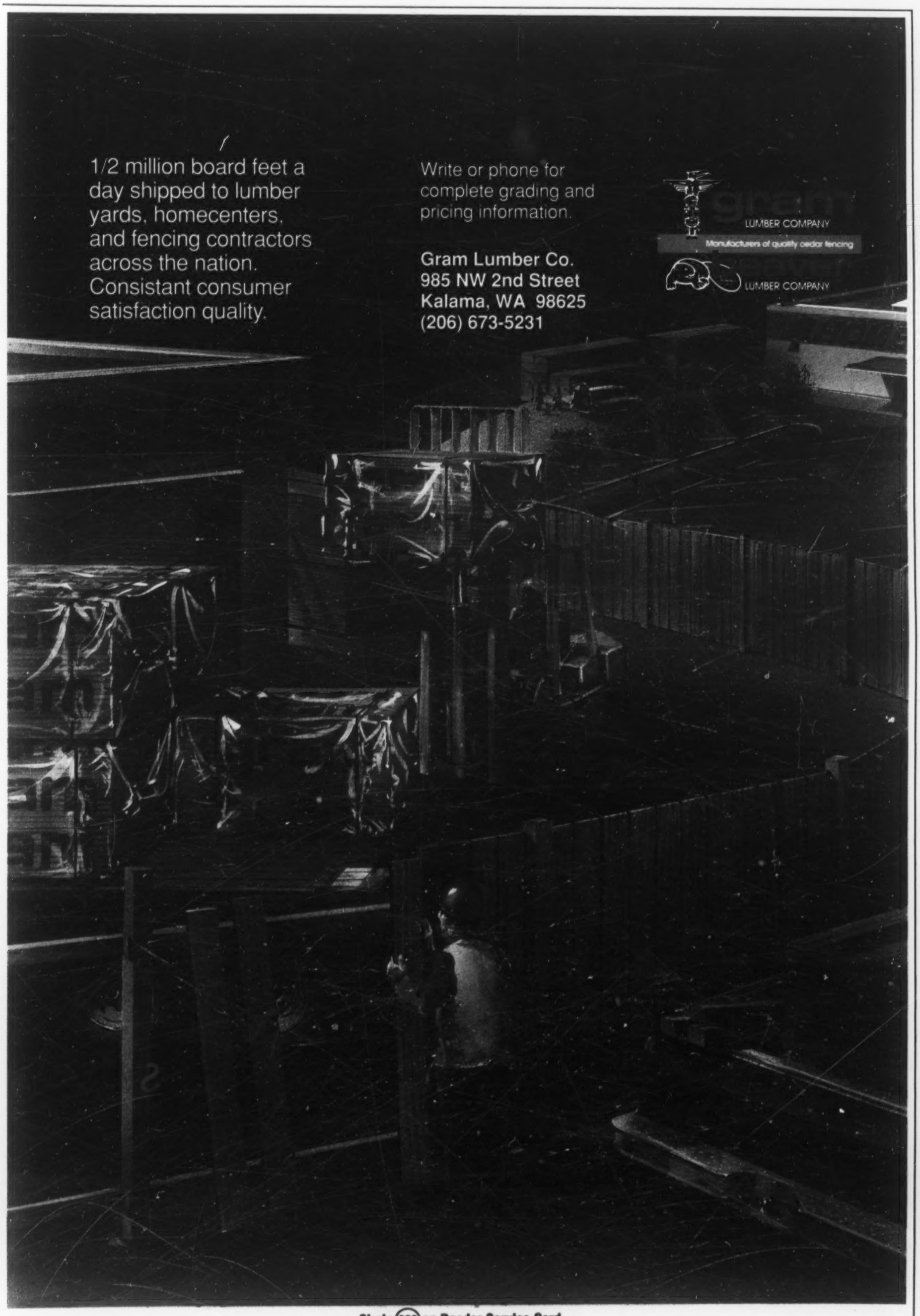
Despite the weak quarter, Grossman's nine-month net income of $7.8 million is 40 percent higher than the same period a year ago. But a sales decline in September, the first monthly drop in seven months, brought nine-month sales to $627 million, just below last year's nine-month figure of $628.7 million.

Company chairman Tom Schwarz conceded that sluggish economic conditions kept the company from maintaining its gross margins. At the same time, he praised his management team for the steps taken so far this year to reduce expenses. ◆

Top 5 Remodeling Jobs	
Remodeled kitchen	$17,592
Remodeled bath	9,449
Replace or add deck	4,437
Add bath	11,592
Add den	19,902
Source: NAHB Remodeling Council Consumer Trends Survey	*NHCN* chart

Top 5 Most Expensive Remodeling Jobs	
Exercise room	$26,000
Add second story	25,587
Add master bedroom	20,850
Add sun room	20,553
Add den	19,902
Source: NAHB Remodeling Council Consumer Trends Survey	*NHCN* chart

NAHB compiled responses of 2,000 customers who completed remodeling jobs covered by its Home Owners Warranty program.



Circle 030 on Reader Service Card

NAHB show caters to the needs of pro remodelers

(Continued from page 3)

The market forecast combined short-term bad news with long-term optimism. NAHB's Remodeling Council expects 1991 expenditures to decrease to $105.7 billion from $106.8 billion in 1990, according to Kent Colton, NAHB's executive vp.

He added, though, that remodeling expenditures in 1992 should top $118 billion, assuming an economic recovery by the third quarter.

Pros eschew installed sales

Aside from identifying the top five most popular jobs *(see chart below)*, the consumer trends survey offered some interesting insight on how remodelers view installed sales programs.

The seminar featured three professional remodeler company executives, from Seattle, Silver Springs, Md., and Indianapolis. Of the three, two said they would never participate in a home center's installed sales program, and one said he did once but dropped out.

"We found that the jobs we were getting from that [home center] fell well below the size of one of our typical jobs, so profit margins were too low for us to continue in the program," said Jeff Santerre, president of Prestige Custom Builders of Seattle, who would not divulge the name of the chain with which his company worked. ◆

Louisiana paint maker is in a grave business

By an NHCN staff editor

NEW ORLEANS — The ultimate finishing product—tombstone paint—is offered only once a year.

Each September, Marine Paint & Varnish, a manufacturer here, produces 1,000 gallons of generic, white latex paint which is sold in dignified, unadorned 1-gallon cans that are labeled Tombstone Paint.

Consumers, primarily members of Louisiana's Catholic population, use it to repaint above-ground concrete tombs for All Saints Day.

A local Ace Hardware outlet recently promoted the product.

"It's really nothing special," said Marine's sales manager, Allen LaCour, who explained that tombstone paint is a product that's "used as part of [mourners'] duty to freshen up their ancestors."

About two weeks before the early November celebration, sales of the paint drop off until the next September, LaCour said. ◆

NOTE

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Cov. 1, Pgs: 3, 36, 40

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A. Total no. copies (net press run)	56,133	54,200
B. Paid circulation		
1. Sales through dealers and carriers, street vendors and counter sales	None	None
2. Mail subscription	51,524	50,772
C. Total paid and/or requested circulation (sum of 10B1 and 10B2)	51,524	50,772
D. Free distribution by mail, carrier or other means, samples, complimentary, and other free copies	3,453	2,869
E. Total distribution (sum of C and D)	54,977	53,641
F. Copies not distributed		
1. Office use, left over, unaccounted, spoiled after printing	1,156	559
2. Return from news agents	None	None
G. Total (sum of E, F1 and 2—should equal net press run shown in A)	56,133	54,200

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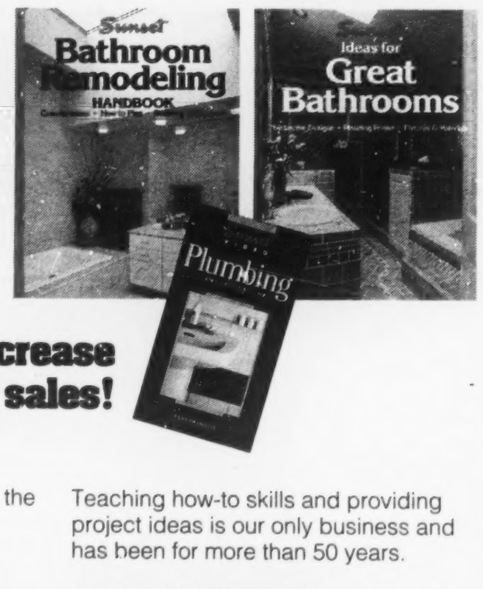
Vol. 17, No. 22 November 25, 1991

Project Ideas & Know-How



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Circle (031) on Reader Service Card

American Express targets top home centers

(Continued from page 1)

out of American Express' business with restaurants and clothing outlets.

Consequently, "the home improvement area is a growing group for us," said Kathryn Russell, vp-retail industry marketing for American Express here. She noted that last year home centers did about 7.5 million transactions and $700 million in sales paid for with an American Express or Optima card.

American Express' research found that 34 percent of these purchases were made by cardholders who either did not live in the immediate vicinity of the store or used a corporate American Express card for payment.

Russell also cited research from Simmons Marketing, which found that homeowners who had an American Express card were 21 percent more likely to shop in home centers than other consumers; among do-it-yourselfers, that figure rose to 54 percent.

Average ticket doubles

"They wanted to get more involved with us," recalled Allan Fliss, a spokesman for the 46-unit Rickel chain, based in South Plainfield, N.J.

He noted that Rickel's stores typically transact about 300,000 sales annually with customers who pay with an American Express or Optima card. The average cardholder purchase before the first promotion was $61.

About nine months ago, Rickel appeared in American Express' *Members Only* newsletter as part of a certificate program offering cardholders a 15 percent discount on all purchases over $50 made in Rickel's stores that were paid for with the card and presentation of the ad. The average ticket for purchases made by cardholders at Rickel shot up to $123, according to data that Fliss said American Express provided to the chain.

'Customized' promotions

Russell said that American Express has about "a dozen" customized programs in progress with home center chains. For example, it did a point-of-purchase program with Builders Emporium in which it provided customized banners and shopping bags. Scotty's and HomeClub offered 15 percent discounts to customers paying with an American Express card in September.

As part of its drive to attract national chains, American Express sent out direct mail pieces to prospective Home Depot customers last month, advising them that they could get 10 percent off all cabinet purchases as part of a kitchen and bath sales campaign the Atlanta-based chain was running through mid-November.

"Part of what we're trying to do is to customize our advertising for our cardholders," said Russell. In its direct mail program, American Express uses existing demographics on purchasing patterns by its cardholders to determine those who are most likely to be home center shoppers.

Advertises clinics

Last month, Rickel was the sole retailer featured in a postcard mailing.

On the front of the 4½- by 8½-inch card, the words "Don't Worry I'll Get To It This Weekend" lead recipients to flip to the back, where ad copy reported on the American Express discount and, just as important, that Rickel would be running DIY Workshops in all its stores every Saturday from 10 a.m. to 2 p.m. through Nov. 15.

An 800 number is also provided for inquiries about store locations and more details about the clinics.

The clinics were not mentioned in the earlier newsletter ads, which Fliss described as more of a "test." The postcard ad, said Fliss, was directed more at a particular store promotion, in this case the clinics.

In the most recent Rickel ad, there was also no limit on how much non-sale merchandise for which the customer could receive a discount. In the September newsletter ad that featured Scotty's, the maximum discount was $150, meaning that the maximum purchase would amount to $1,000.

Rickel has been so enthusiastic about this promotion that, according to Fliss, it plans to do "two or three" more in 1992. ◆

Pergament cuts costs to maintain growth strategy

(Continued from page 39)

Duties handled by Falk—who had been with the chain for 16 years—included oversight of the advertising, marketing and merchandising departments and will be split between two merchandisers, newcomer George Schwartz and David Levine, who was promoted from senior merchandising manager. Each will hold the position of vp-general merchandise manager.

"We needed to split the merchandising function in half because the company has grown so much over the last few years [and] to give more people the opportunity to get the job accomplished," said Kane. "Bruce Falk did not want to stay under these circumstances."

Under the restructured merchandising department, Ed Hahn and Kevin Klein will report to Levine. Hahn was promoted to divisional vp-lumber, electricals and planograms; Klein, to divisional merchandise manager of hardware plumbing and bath.

Jerry Bryden, divisional merchandise manager of seasonal goods and RTA furniture, and John Alberto, divisional merchandise manager of paint, wall coverings and floorings, report to Schwartz, as does ad director Chris Shaljian.

Schwartz, who joined Pergament on Nov. 11, had worked with Kane at Haines Department Stores, where he was a senior vp and gm.

Other recent appointments include Bob Frey, who joined Pergament from Bloomingdales as the new divisional vp and director of management information systems. He replaces Bob Bison, who retired.

Pergament also laid off a small number of store personnel. These included store setup crews and eight people involved in the early stages of implementing an automatic replenishment system. ◆

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New remodeler study:

Smaller pros more likely to shop at home centers

by an NHCN staff editor

NATIONAL REPORT — Remodelers who are most likely to shop in a home center for products work out of their homes, specialize in smaller millwork and roofing installation jobs, and use product availability and location as primary criteria for where they make their purchases.

These remodelers form what a new survey calls a "gray market" among professionals who repair, remodel or build onto homes. But they account for an estimated one-fifth of the remodeler universe and are probably the strongest pro segment from which home improvement centers can draw more business.

The new study, prepared for the Home Improvement Research Institute out of Lincolnshire, Ill., interviewed 1,001 remodelers by phone last July and August about their businesses, their clients, what they buy and where they buy it.

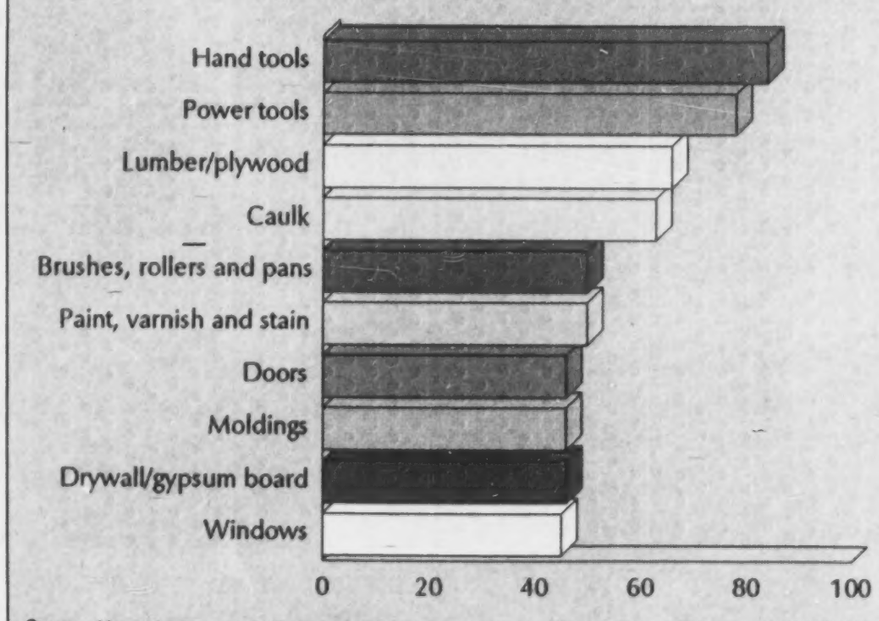
A profile of remodelers

The survey, whose complete findings were released last month to the Institute's members, breaks remodelers into six segments and touches on what jobs each segment is likely to focus on, the amount of sales each segment generates annually

(Continued on page 36)

Materials purchased for remodeling jobs in the past year

(percentage of respondents)

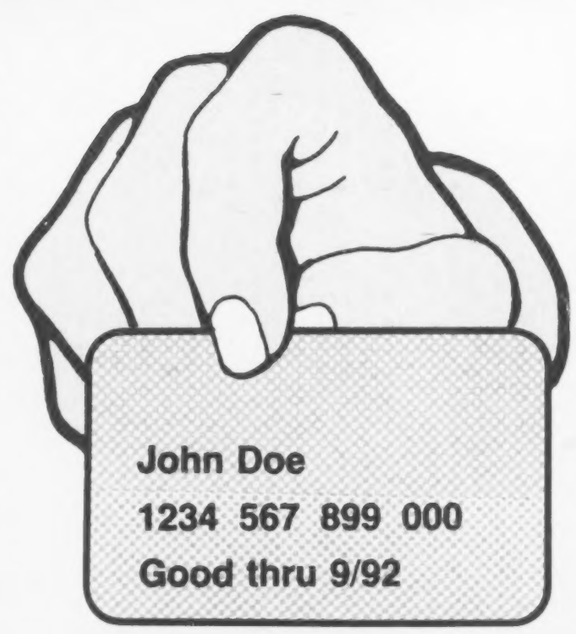


Source: Home Improvement Research Institute *NHCN* chart

***'Durability' is what remodelers** look for when they're buying hand tools, the products they purchased most frequently for remodeling projects last year, according to a new survey.*

Cash-strapped consumers say no to dealers' 'plastic' offers

by Gary Ruderman



NATIONAL REPORT — Home improvement retailers are pushing consumers to buy more products with credit cards. But they say that consumers, already tapped out by personal debt, are imposing new limits on their credit purchases.

In the last six months, credit card purchases throughout the entire retail sector and across the nation have slowed and, some industry officials contend, reached a ceiling.

In addition, both credit card issuers and retailers who hold onto charge accounts are tightening their reins on which customers get cards. Over the past half year, more cash-strapped consumers stopped paying off their full monthly charges and began making partial payments that include steep interest charges.

Nevertheless, the majority of dealers encourage credit card transactions, primarily because consumers who buy with plastic are likely to spend more.

This month and next, for example, Builders Square is promoting its private label credit card with a "no payments till May" come-on. This comes on the heels of a six-month-long

(Continued on page 37)

Lumber price hikes probable

NeRLA panel: Industry poorly prepared for recovery

by Ken Schept

BOSTON — Lumber and building material dealers are likely to face major price hikes and spot shortages on certain wood species and on gypsum board if housing starts reach 1.3 million units this year, as expected.

These developments will occur as the economy recovers slowly and erratically, producing spikes in demand that cannot immediately be met by current capacity levels. In addition, the lumber supply will be further restricted by environmental regulations.

These predictions emerged from a panel presentation by three ceos of leading industry suppliers who opened the

(Continued on page 37)

Standard Brands plots recovery

New financing plan could raise $6 million

by Robyn Taylor

TORRANCE, Calif. — Standard Brands Paint Co.'s financial future brightened last month when it announced a plan that could pour $12 million back into the financially wrought chain.

On another optimistic note, the company finally ratified a five-year collective bargaining labor contract with the United Food and Commercial Workers Union. The employees who belong to that union had gone without a contract for a year.

The nation's largest paint and decorating retailer needs every bit of good news possible, especially after it reported its fourth consecutive quarterly loss. Standard Brands announced on Dec. 11 that it lost $2.7 million on sales of $64.5

(Continued on page 37)

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bands West Coast presence p. 3
New feature: The contractor's voice p. 23

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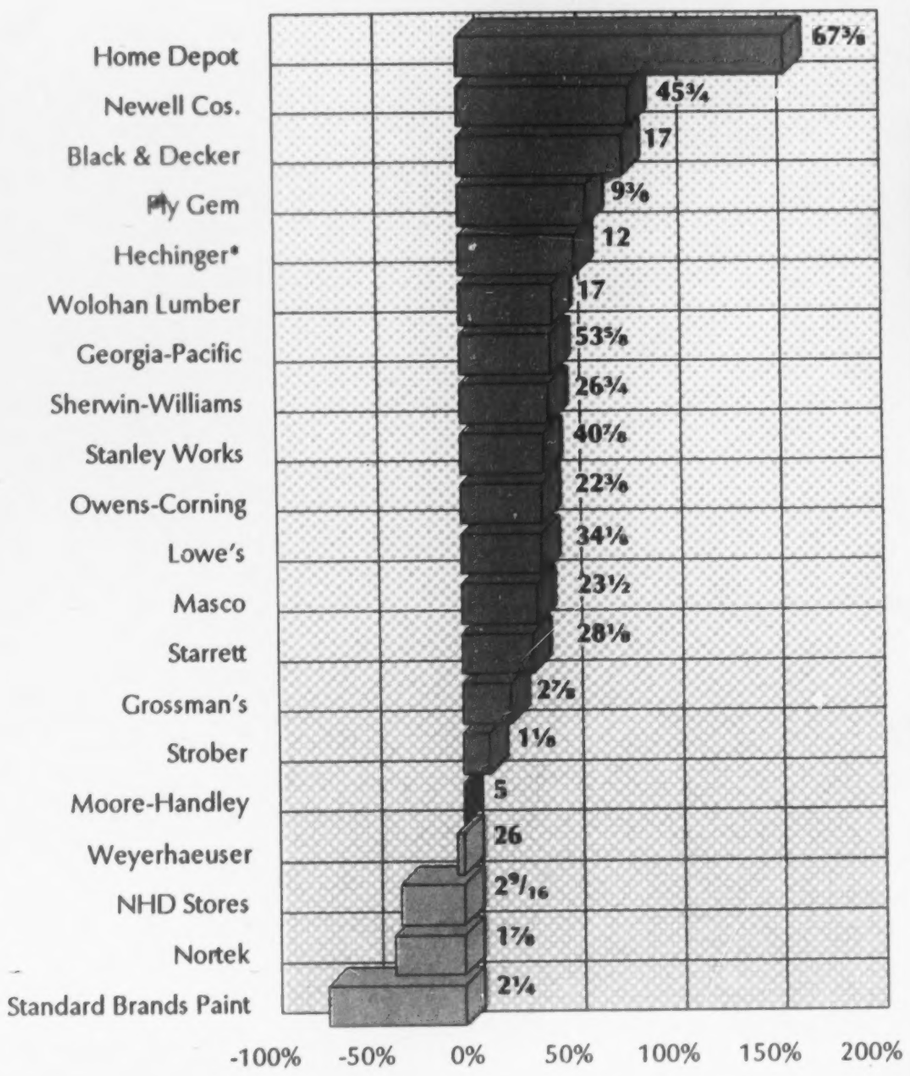
Stock performance of selected home improvement-related companies

(% change from 1990)



Numbers outside bars indicate closing stock prices.

*Hechinger "A" common stock
Source: *The New York Times*

NHCN chart

***Quite a few home improvement companies** benefited from the stock market's spurt at the end of 1991. But others, like Home Depot whose stock price jumped 162 percent, were strong performers the whole year. Overall, publicly held industry stocks outperformed the Dow Jones Industrial average, which increased 20 percent, but fell short of the performance of the NASDAQ index, which had a record gain of 57 percent.*

COMING ATTRACTIONS

BUYING & SELLING

***Merchandising and marketing** articles on hardware, lumber and flooring will be featured in* NHCN's *Feb. 17 issue.*

NATIONAL HOME CENTER SHOW ISSUE

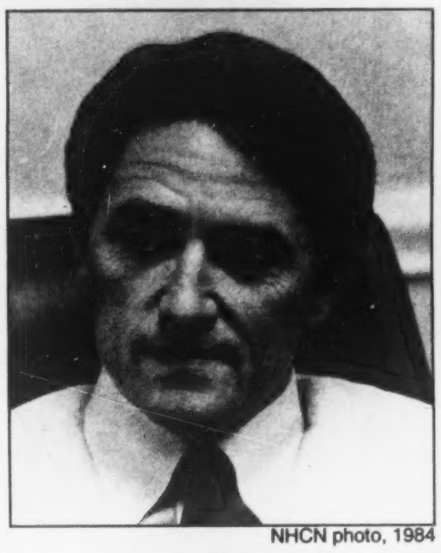
THE NATIONAL HOME CENTER SHOW® & CONFERENCE
March 8-10, 1992 / Chicago

***Comprehensive industry coverage will be showcased** in the March 2 issue, including:*

- *A photo essay on Ernst's latest prototype;*
- *Company profiles of BMC West in Idaho and ACO Hardware in Michigan;*
- *A series on Mexico's home improvement market;*
- *An update on housing, with a report from the NAHB Show;*
- *Two* NHCN *editors recount their experiences working in home centers on both coasts, accompanied by a sidebar on vendors who work in stores;*
- *An extensive new products section.*

NEWS BRIEFS

Lowe's Cos. merchandising vp departs



NHCN photo, 1984

Jerry Edwards

NORTH WILKESBORO, N.C. — Jerry Edwards, a long-time merchandising executive with Lowe's Cos. and most recently its vp-merchandising, has left that chain suddenly, citing differences in management philosophy.

Edwards, 49, joined Lowe's in October 1983 as a vp-specialty products. He had worked for a number of retailers, including the now defunct O'Malley's and Handy City chains.

Cliff Oxford, a spokesman for Lowe's, declined to speculate on Edwards' specific reasons for leaving the chain, although it was known internally that there had been some professional friction between Edwards and Lowe's executive vp Robert Tillman, who assumes Edwards' responsibilities.

Edwards was one of two vice presidents over "home center products" (the other being Greg Bridgeford), and Oxford could not say whether Lowe's intended to name a replacement.

Chase-Pitkin to debut in upstate N.Y.

BUFFALO, N.Y. — Chase-Pitkin will open its first store in this market sometime in late February or early March, and will join an already-crowded field of home center operators.

The Rochester, N.Y.-based Chase-Pitkin will open its newest unit, with interior and outside space totaling 105,000 square feet, next to a new Wegman's supermarket and across the street from a new mall called The Galleria. Wegman's is the home center chain's parent company.

The new unit will face strong competition in Buffalo—a market which at the beginning of last year was generating only $34.8 million in retail hardware and lumber, according to *Editor & Publisher*—from a number of dealers including Builders Square, Hechinger, Grossman's and Valu Home Centers.

General Building tests outlet concept

MEDFORD, N.Y. — General Building Products is converting its Northport, N.Y., store into a "Building Material Manufacturers Outlet," according to Bruce Meltzer, ceo and president of the six-unit company based here.

Although the details of the new concept have yet to be worked out, Meltzer said the unit would handle surplus building materials including millwork, windows, kitchens and doors but not hardware and paint. He insisted that it would not be a salvage operation nor deal with closeout merchandise.

"We believe the outlet concept, offering first quality surplus goods, gives us an opportunity to explore an avenue of building material retailing that's not been done before," said Meltzer.

The outlet is an interim move for the company as it negotiates the sale of the real estate, which Meltzer estimates will take 18 months. But if it proves successful, General may roll the concept out to a variety of sites.

Sales from the unit, which lies directly across the street from a Home Depot, were "not satisfactory," said Meltzer. Two other competitors—Window World and Rickel Home Centers—recently closed their doors here in this town on the northern shore of Long Island.

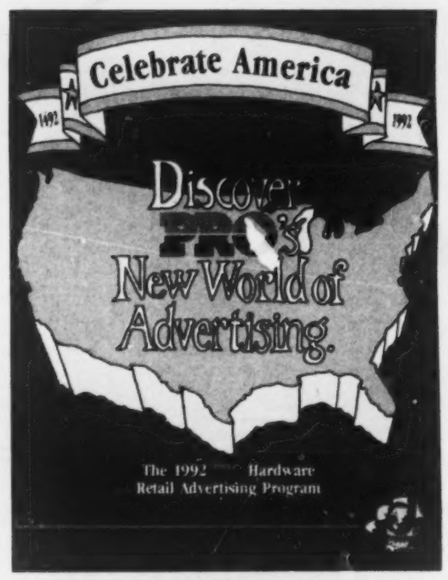
The front of the 6,000-square-foot store will house two separate businesses, also run by General: the current kitchen showroom and a new Eagle window and door store.

General operates units in Bethpage, Haverstraw, and Medford, N.Y.

Pro offers members total ad flexibility

ENGLEWOOD, Colo. — Pro Hardware is moving into 1992 with revisions in its advertising program that offer its lumber and building materials dealers complete flexibility in composing their circular ads.

The marketing company invites its members to "Celebrate America" and discover Pro's "New World" of advertising in a 16-page brochure that highlights the program's features. The brochure takes as its theme the 500th anniversary of Christopher Columbus' discovery of America. In July and October, Pro members will use



Pro Hardware's 1992 circular, which lets its dealers change any item and price as late as 48 hours prior to printing.

a cartoon drawing of Columbus as the unifying theme to drive promotions.

But the major addition to Pro's ad campaign this year is the completely flexible, 8-page lumber and building materials circular, available in April, May, July and October. John McGraw, Pro's vp of the Pro stores program, explained the changes in this offering.

"We used to let dealers change a few items and prices only on two of the circular pages," he said. But Pro now has a printing company able to handle the very labor-intensive process of letting dealers change any item and price in the entire circular. Stores can make pricing changes as quickly as 48 hours prior to printing.

McGraw said that distributor-members are offering their vote of confidence; orders for advertising programs are projected to be up 38 percent over last year, for the first three months through March.

And distributors are seeing their retailers express a greater interest in the Pro programs. The circular's expanded flexibility has helped RKB Enterprises, a Pro-affiliated wholesaler in Elmira, N.Y., achieve its highest-ever level of retail response.

"We have over 100 dealers letting us do their advertising through Pro for 1992, by far our best year ever," said RKB's Pro program director Bob Fischer.

Simultaneous industry conventions demand being two places at once

by Ken Schept

It's showtime.

In less than two months the National Home Center Show and the International Hardware Fair will be under way in Chicago and Cologne, respectively.

Unfortunately, this year these two important events happen simultaneously. And there are important reasons to visit each.

As usual, the Home Center Show offers a chance for U.S. retailers and suppliers to visit with each other and review products and programs. This year's agenda also includes special sessions at which retailers and suppliers are expected to engage each other in a face-to-face, candid exploration of partnership.

Typical partnership vows go something like this. Both parties utter "I do," amid smiles, a warm handshake and, possibly, a toast with the following sentiments expressed (and unexpressed).

Retailer: I look forward to doing business together. (And I expect enough co-op dollars and merchandising support to turn lackluster sales into a banner year). We'll be a great team.

Supplier: I look forward to doing business together. (And, if you're still in business next year, maybe we'll shake hands again). We'll be a great team.

The retailer-supplier truth session could help clarify the ways in which industry segments can work together more productively and honestly.

The International Hardware Fair will also produce excitement, but for other reasons. It's the industry's most international trade event, with exhibitors from 40 countries and visitors from 90.

Consequently, the array of products and the potential for new ideas is tremendous. In addition, this year marks the launch of a new building materials and DIY supplies fair that runs concurrently and in the same facility as the Hardware Fair.

And all this activity takes place in the center of Europe, where extraordinary change is opening up new opportunities and markets. U.S. retailers must be there; U.S. suppliers must be there.

I'm sure Home Center Show and Hardware Fair organizers will coordinate dates in the future.

For this March, however, if possible, be there . . . and be there.

When customer service gives way to debt service, retailing's the loser

Investment groups and banks are playing an ever-increasing, and sometimes pivotal, role in how companies in this industry are being run.

by John Caulfield

A few weeks ago, Founders Equity, a New York City investor, agreed to pump much-needed capital into Standard Brands Paint Co. In doing so, it also installed its own handpicked chief operating officer.

The CIT Group of Manufacturers Hanover, as it has done for a number of home center companies in the past, threw a life raft, in the form of a new line of credit, to a drowning Leeds Building Products, which filed for bankruptcy in November. One assumes that the lender will have considerable say in how this company is reorganized, if Leeds is able to achieve that goal.

Merrill Lynch Capital Partners, which in essence owns and runs Rickel Home Centers' parent company, gained a toehold as well into Payless Cashways last month through the acquisition of debt Payless' management took on in 1988 to pay for its leveraged buyout of the chain.

Last year, when investors in Grossman's stock threatened to take their complaints about how the chain was being run to the shareholders, Grossman's management installed the investors onto its board of directors. General Electric Capital Corp. agreed to eat most of Channel Home Centers' debt after being given equity in the retail company and a board position.

These examples are more than just anecdotal musings; they are signs of the times, and not very positive ones.

Debt, per se, is not a bad thing. There are instances in which highly leveraged firms, such as Payless, have been able to maintain a significant degree of operational autonomy from their lenders.

But for an alarming number of retailers, debt service is as important as customer service. This, of course, is the consequence of the free-spending ways of the '80s that have come to haunt the whole U.S. economy.

As risk-averse MBAs and CPAs, concerned more about counting beans than skus, throttle back a company's excesses, it's also likely they will tamp down creative tendencies that are essential for the survival of the businesses they are supposed to be helping.

Debt-laden retailers have been their own worst enemies and must now suffer the further indignity of watching their companies, yoked by fiscal and managerial harnesses, running in place when they should be spending most of their time coming up with new ideas to compete.

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ABP BPA ahma NEMDA

Hechinger's sales rise 14% in December

LANDOVER, Md. — Hechinger Co. reported that sales in December rose 14 percent to $137.6 million, and that its comp-store revenues increase in that month by 4 percent.

The 117-unit company, based here, said its year-to-date volume jumped 15 percent to $1.5 billion, though same-store sales grew by only 1 percent during the same period.

While buoyed by these results, John Hechinger, the company's ceo, said that he was disappointed by the comp-store performance and stated that Hechinger "continues to operate in a difficult retail environment."

In other company news, during the first two weekends of January, Hechinger encouraged its customers to bring their Christmas trees to their nearest store instead of a local landfill.

Hechinger's "Christmas Tree Recycling Program" applied to its 14 northern Virginia stores and is run in conjunction with Browning Ferris, a Merrifield, Va.-based trash company, together with volunteer arborists.

"We were thrilled with the response the program received last year," said Jerry Brase, vice president/divisional merchandise manager and captain of Hechinger's environmental group known as the Green Team.

"[Last year] 11,000 live trees were recycled because of our efforts. This year we're projecting the number will jump 50 percent to 16,000," he said.

Customers bringing their trees to the Hechinger stores were given coupons entitling them to a 10 percent discount on purchases of $100 or more.

At the stores, arborists and people from tree service companies donated their time and equipment to shred the trees into mulch. This was then transported by Browning Ferris to transfer stations or landfill sites. The mulch was also offered to the public at no cost.

Details of the recycling program were printed in Hechinger's December flyers and ads and promoted by associates in the stores.

Hechinger's Green Team also issued guidelines to stores in other markets hoping to encourage managers to initiate their own recycling program.

Anderson strengthens foothold in economically sound Utah

OGDEN, Utah — Anderson Lumber is increasing its presence in Utah county to take advantage of the stronger economy there, according to Jim Beardall, chairman and ceo.

It is doubling the size of the Murano Lumber unit it purchased last September in Orem, Utah. The company has also begun construction on a truss plant and will add a build-to-suit unit later this year.

This will increase Anderson's presence to three stores in a county that is attracting a number of data processing companies, including Novell, the computer network company, and WordPerfect.

Beardall declined to divulge how much his 23-unit company paid for Murano Lumber or the cost of its renovations. But the company is transforming what was a small retail operation into a full scale lumberyard targeted equally to contractors and consumers.

Anderson is building a 20,000-square-foot home center and a consumer drive-through yard and hopes to hold a grand opening in April.

Construction began on the truss plant last month, which is scheduled to be ready by the spring.

Depot hires director of community affairs

ATLANTA — Home Depot has appointed Suzanne Apple as its director of community affairs, a new position responsible for managing the chain's corporate giving program as well as its relations with all communities where it has stores.

Apple's immediate priority is to build on Home Depot's work in affordable housing and in helping at-risk youths.

The chain's philanthropy and community investment programs are budgeted at approximately $4 million. Forty percent of this is earmarked for affordable housing programs and another 20 percent for programs targeting at-risk youth.

Another 20 percent is a discretionary fund that's spent locally, and 10 percent goes to local United Way chapters.

Apple worked with Home Depot since 1989 as a vice president at Memphis-based contributions consulting firm Coletta Brewer & Co.

HomeClub to offer free bare root planting guides at all units

FULLERTON, Calif. — HomeClub will distribute free bare root planting guides through February at all of its 73 locations.

The booklets are filled with information on bare root roses, fruit trees, vines and berries. They also provide diagrams with instructions on soil preparation, planting, fertilizing, watering and pruning.

HomeClub started distributing the free guides last year during January and February to complement its expanded selection of bare root roses, vines and trees.

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Eagle picks ex-Pay 'N Pak vp as president

TUKWILA, Wash. — Richard Takata, Pay 'N Pak's former executive vp, has been appointed president and chief operating officer at the chain's archrival, Eagle Hardware & Garden.

Takata, 42, resigned from Pay 'N Pak in July 1991 to start his own consulting business specializing in international consumer product sourcing. But the 16-year industry veteran decided to step back into home improvement retailing when he was offered the opportunity to work with the rapidly growing Eagle.

"I am extremely pleased to be associated with this exciting company and look forward to being an integral part of the expansion

(Continued on page 33)

Dealers act to avert lumber shortages

Home Depot among chains looking for new sources

by Gary S. Ruderman

NORTHAMPTON, Mass. — Does Mike Fritz know something the rest of us don't?

By Christmas, Fritz's company, Rugg Lumber, a two-store company here that does $14 million in sales, had made its commitments and contracts to buy 70 percent of the lumber it expects to sell through 1992. This time last year, Rugg Lumber had committed to just 27 percent of its annual needs.

"We want to be in line, in front of everyone else" for lumber this year, said Fritz, Rugg's senior vp, last month. He added that he isn't "as worried about price as I am [about] getting the product to sell."

Fritz fears lumber shortages this year. He's not alone.

Home Depot, the nation's largest chain, is looking domestically and "globally" for more sources of lumber supply in anticipation of shortages over the next two to three years.

"If we cycle back to more housing in the next two to three years, it's going to be a bear" getting wood, said Mike

(Continued on page 33)

Payless HQ develops close ties to local school

Tutoring program one of 15 sponsored activities

Photo courtesy of Payless Cashways

Hands-on training: *Stout works with Williams*

by John Sinisi

KANSAS CITY, Mo. — It's Thursday morning here at the Crispus Attucks Magnet Elementary School, and 9-year-old student Sir Williams bounds into the cafeteria. He meets his tutor at a dead run, gives him a hug and slaps his most recent spelling test on the table, a grade of 100 percent emblazened at the top.

COMMUNITY SERVICE

The tutor, Payless Cashways senior accounting analyst Dave Stout, praises Williams and presents him with the latest children's edition of *National Geographic* as a reward.

Stout is one of 30 Payless Cashways

(Continued on page 34)

Cotter previews Build America at show

Florida dealer unveils new-look prototype

by Robyn Taylor

SAN DIEGO — Just a few days after Christmas, Adams Building Materials in Dundee, Fla., unveiled its new look as Cotter & Co.'s prototype Build America home center.

Dealer-members of the hardlines co-op got their first glimpse of the new home center program at Cotter's Winter Lumber Market, held here last month.

The program, which won't officially be rolled out until next year's lumber market in Orlando, Fla., is designed for building material retailers and contractor supply businesses.

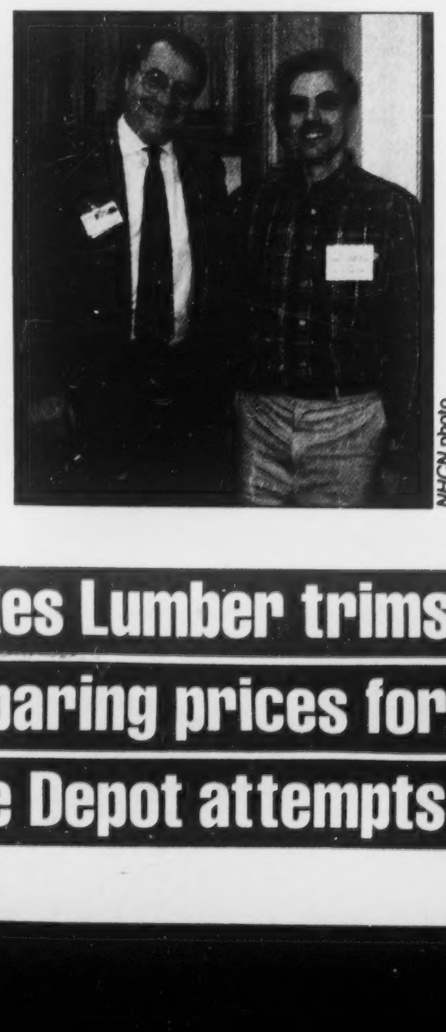
"We want to focus on keeping the consumer project dollars in our stores," said Larry Wendling, Cotter's lumber and building material division operating manager.

Wendling, who is in charge of the new Build America program, said that, by next January, Cotter hopes to have prototypes set up in each of the 15 regions serviced by a distribution center.

The 'perfect' choice

The Florida store was the perfect choice for the first Build America home center, said Wendling, and its conversion worked to the mutual

(Continued on page 33)



NHCN photo

Illustration courtesy of Cotter & Co.

Build America: *An artist's rendering of the new format. (Inset, left) Cotter president Dan Cotter with dealer Joseph Amaral, who is considering taking on parts of the program.*

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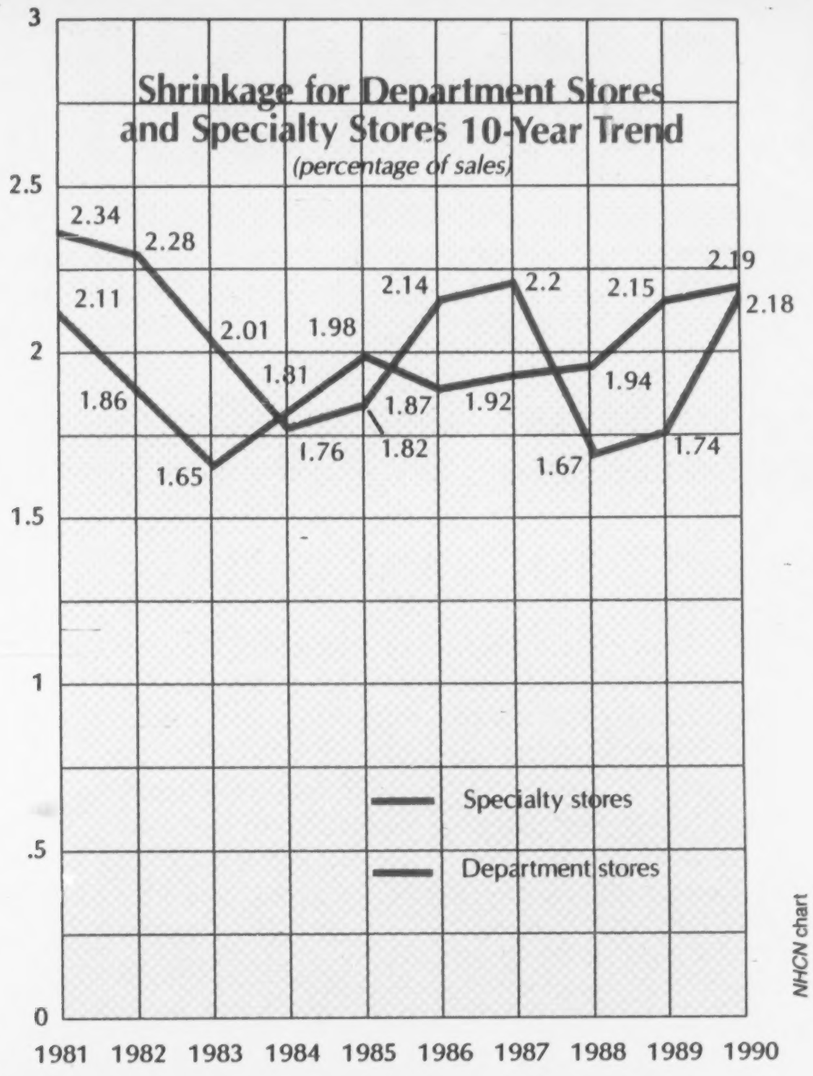
INDUSTRY STATS

Shrinkage up second year in a row



Sources: *The Peter Berlin Report on Shrinkage Control;* National Retail Federation

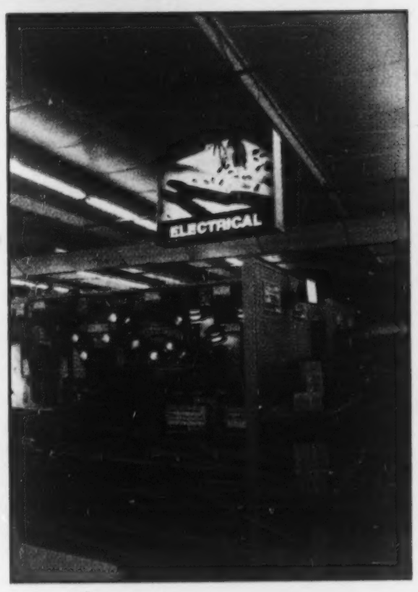
***Home improvement retailers struggling** to reduce theft in their stores may find instructive the latest data on shrinkage in department and specialty outlets from the National Retail Federation. Based on responses from 111 companies, the survey found that shrinkage rose for the second consecutive year in 1990, possibly attributable to cost cuts in store security.*

For more information, contact Marie Drum Beninati, senior vp-business services, National Retail Federation, 100 West 31st Street, New York, N.Y. 10001, (212) 244-8780.

COMING ATTRACTIONS

BUYING & SELLING

NHCN's *April 6 issue* *will feature articles on the electricals, molding and window treatment categories. Advertising produced by the winners of this year's Golden Hammer awards, which will be presented at the Home Center Show, will also be showcased.*



NHCN's ANNUAL CENSUS ISSUES

If it's May, it's time again for NHCN's *annual scoreboard, which over two issues (May 11 and May 25) will provide extensive data on the 1991 performance of retailers, wholesalers and buying groups. The distributor list will be expanded to 250, and include recaps of major product categories. The Retail Scoreboard will be blown out to 500 companies for the first time.*

NEWS BRIEFS

Pergament severs ties with ad agency

MELVILLE, N.Y. — Pergament has dropped its ad agency and various marketing strategies as it continues to trim its budget in a sluggish economy.

The 34-unit chain ended its $9 million contract with Kirschenbaum & Bond, the New York agency that created its broadcast ads. Alan Kane, Pergament's president, said some funds will be shifted to newspaper and radio.

"We weren't getting a payoff and when business is tough you need to make sure ad dollars pull for you," he said.

Pergament has also withdrawn its ads from the Sony Jumbotron billboard in New York's Times Square, cancelled its billboards with Stillman Advertising, and ended its affiliation with the New York Mets. This comes after the chain disbanded its marketing department and laid off its director, John Russo.

NHCN to honor Golden Hammer winners

National Home Center News invites you to join the winners of the eighth annual Golden Hammer Advertising and Marketing Awards at a reception to be held during the National Home Center Show. The event will take place on Monday evening, March 9, from 5:00 p.m. to 7:00 p.m. in the Chicago Room at McCormick Place, Chicago.

Tickets are $75 per person when purchased in advance and $85 per person at the door. For additional information and reservations, contact Diane Fristachi at (212) 756-5142 or fax your requests to (212) 756-5295. The reservation deadline is Friday, February 21. We look forward to seeing you there.

Builders Square to add 24 new stores

SAN ANTONIO — Builders Square plans to build at least 24 stores during the current fiscal year and increase the size of its prototype by 17,000 square feet to 107,000 square feet, up from 90,000 square feet, according to the company's vp-marketing Mark James.

The increase in square footage will enable the retail warehouse chain to expand its merchandise assortment, particularly in the areas of plumbing and electricals. The broadened product range will emphasize decorative products that are targeted at attracting more female customers.

All units will contain decor centers that display high-end merchandise in a project setting and are staffed by consultants.

"The stores will be easier to shop with wider aisles, easy entry [facilitating access to products] and special checkouts for big-project items such as lumber," explained James.

COMMUNITY SERVICE

Telecheck sets up fund for the homeless

DENVER — TeleCheck, a check processing concern, has established a fund for the National Coalition for the Homeless (NCH).

Under the program, called TeleCheck Retail Partnership for the Homeless, TeleCheck will set aside roughly $32,400 in 1992, equal to 8 percent of the coalition's 1991 budget of $405,000.

TeleCheck kicked off the program in its booth at January's National Retail Federation convention in New York. The company sent its key potential clients unendorsed checks for $50, made out to the NCH. TeleCheck endorsed the checks as prospects returned them to the booth, and gave the prospects credit for making the donation.

In a prepared statement, NCH executive director Fred Karnas expressed his hope that TeleCheck's efforts would encourage other businesses and retailers to follow suit.

'Dirty Corners' gets reprieve from West

MERIDIAN, Miss. — A unit of West Building Materials and a local prefab component company are bidding on a project to turn five shotgun shacks into starter homes.

The community, until now known as Dirty Corners, Miss., but recently renamed the New Hope Community, received a $100,000 grant from the United Parcel Service Foundation and five mobile homes from the Federal Department of Housing and Urban Development. The five families, who will help work on their new homes, will live in the trailers until they are completed.

The Delta Housing Development Corp., a non-profit group that has assisted in sweat-equity construction of 200 homes in the area, will work on behalf of the homeowners to procure the necessary building materials.

The homes at present have no internal plumbing or electricity, open sewage ditches, and no windows or insulation. Most of the residents of New Hope earn $6,000 a year as farm workers, an insufficient wage to qualify for financing.

HomeClub donates $$$ to City of Hope

FULLERTON, Calif. — HomeClub, in cooperation with plus mark and the Paper Magic Group Inc., presented a $16,014.40 gift to the City of Hope last month. Located in Duarte, Calif., it is an internationally renowned medical research and treatment center.

The donation was a result of wrapping paper and card sales at HomeClub's 73 stores during the holidays. Greeneville, Tenn.-based plus mark, a recycled wrapping paper manufacturer, made a contribution for each roll of wrapping paper sold for a total of $6,014.40. The Paper Magic Group, located in Scranton, Pa., donated $10,000 based on holiday card sales.

Is your company performing a community service that merits attention? National Home Center News *encourages you to write us with the details, so we can share your efforts with the rest of the industry. Send all information to John Sinisi, Associate Editor,* National Home Center News, *425 Park Avenue, New York, N.Y. 10022.*

Determination winning over despair

Gloom lifts as Northeastern dealers tackle recession, competition

by Ken Schept

Relief was the dominant mood at the annual Northeastern convention, which took place in Boston earlier this month.

For the past couple of years, Northeastern dealers have acted like nervous hosts dreading the arrival of two uninvited and unwanted visitors: the long recession and warehouse competition.

The guests arrived. And, as usual, anticipation proved to be much worse than reality.

First, the economy is showing signs of life. Concern about dwindling housing starts has been replaced by speculation about lumber shortages and spiking prices.

"One if by land; two if by sea" is again an appropriate local refrain amid reports that:

- Excessive amounts of timber are sitting on the ground at at least one New England reload center;
- For the first time in years, a particular supplier is bound for New Haven, Conn., harbor laden with a cargo of Western wood.

Second, dealers have replaced paralyzing fear and loathing with receptivity to new ideas and with action.

A capacity crowd filled a breakfast session to hear three colleagues talk about how they have gone up against Home Depot. At lunch the same day, a group heard three Texas dealers share their experiences.

Northeastern dealers are adding new stores and remodeling old ones, opening on Sundays, establishing installed sales programs, expanding special-order opportunities, treating customers better and streamlining operations.

Of course, there's still concern about the economy and the warehouse stores. But determination has replaced despair.

Dealers know they can't control the economy or Home Depot. So they've focus their energy where it belongs, on their individual businesses.

Many of these family businesses have served their communities for generations. Today, the tradition continues with renewed confidence.

Presidential vs. managerial failings

East Coast Lumber's problems can't all be blamed on Bush's policies

by John Caulfield

Much in the news these days is the presidential primary in New Hampshire, whose hot button is the impact of that state's economic mess on its businesses and people.

One firm said to have been crippled by that collapse is East Coast Lumber Co., which has emerged as a lightning rod in this campaign.

East Coast is where, in 1988, candidate George Bush drove around on a forklift and launched his drive to the White House. The lumberyard with $53 million in sales that year became the perfect symbol of prosperity.

Now, East Coast is a very different symbol for what critics say are President Bush's failed economic and tax policies which have hammered New Hampshire, especially in the south where East Coast is headquartered.

In 1991, East Coast's sales sank to $7 million. Its frustrated president, Peter Lewis, said on the Jan. 15 broadcast of "Nightline" that he might "send a message" to Bush by voting for right-wing political commentator and candidate Patrick Buchanan.

Bush should be held accountable for being oblivious to the depths of the recession. But blaming him for everything or believing an extremist like Buchanan is the answer is too easy and won't solve any business' problems. East Coast is like many New England retailers that were lifted by the helium of the 1980s, crash-landed, and now must get airborne again on their own.

East Coast's elevation would surely be higher now if home building hadn't screeched to a halt and the state's economy hadn't keeled over. But it also fell victim to overly ambitious expansion into Maine and cavalier accounting oversight.

Only a year after Bush stage-managed his photo opportunity, East Coast Lumber had closed two of its three stores, its sawmill and its import business. It filed for bankruptcy with $7 million in debt. It also uncovered that three employees may have stolen about $1 million in building products.

Company profits eroded because of its penchant for underbidding jobs; margins had dipped to around 18 percent. East Coast had up to $60,000 in receivables a month going into 90-day accounts, and contractor check payments bounced all over the place.

Lewis took sole control of East Coast from his partner, Marty Feuer, the company's mercurial founder, in October 1988.

It took Lewis, a builder, a while to get the hang of retailing. But he was astute enough to rein in the company's out-of-control operations and impose much-needed accounting procedures. Having written off more than $4 million in bad customer debt, East Coast now demands payment for products *before* they're shipped. Receivables declined virtually to zero in 1991.

East Coast emerged from bankruptcy last April, and margins are up to 24 percent. Home building in the area may still be moribund, but at least the company, says one official, is "in control of ourselves."

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Photo courtesy of Las Vegas Review-Journal

(Left to right) Joe Hardy, president of 84 Lumber, Timothy Eller, Centex Homes, and former president Jimmy Carter discuss Habitat for Humanity's Homes Across America affordable housing program.

84 Lumber active in housing program

Vendors also contribute to project

by John Sinisi

LAS VEGAS — Joe Hardy, president and founder of 84 Lumber, joined former president Jimmy Carter and Sen. Paul Simon (D-Ill.) in dedicating the first of Habitat for Humanity's Homes Across America affordable houses.

Hardy's 365-unit chain donated roughly $6,000 worth of the lumber and windows for the 1,200-square-foot building, and encouraged 18 of the chain's vendors to make sizable donations of paint, molding, tools, hardware and other products.

• More community service notes, pg. 2
• News from the NAHB show, pg. 4

The house, which National Association of Home Builders Institute carpenters framed and sealed in just 48 hours, was on display outside the Las Vegas Convention Center. A three-bedroom, one-story building, it will go by trailer to a nearby development, where it will sell for $25,000 to $30,000. The buyer must put in at least 350 hours of labor on the remainder of the project.

For Hardy, the project was a chance to get the rest of the building materials community involved in providing more-affordable housing for people whose dream of owning a home is just barely beyond their means.

"I wanted to create some awareness that there are good people in this country who earn a decent wage but still can't afford their first home," he said. He added that he hopes his vendors will respond by donating more materials for Houses Across America in their local markets.

It was also an opportunity for Hardy to announce what he described as 84's mission for 1992: to entrench the chain in the affordable housing market niche.

BE kicks off expansion plan

Las Vegas Ole's units first to get new look

by Robyn Taylor

LAS VEGAS — Builders Emporium (BE) has begun remodeling all four of its Ole's units here to match the reformatted look of its fifth store, which opened last June on Rancho Drive in the north part of this city.

The Vegas Ole's, which resembles five of the most recently opened and eight reformatted BE units in California, should be completed by mid-March. At that time, BE will begin a heavy advertising campaign promoting the new look in this market.

With only five stores here, BE will market its expanded merchandise assortment and customer service to the entire region, said Darrell Heun, vice president-marketing/store planning.

The remodels here follow on the heels of the reformatted stores in California. These units—in Fountain Valley, Mission Viejo, El Toro,

(Continued on page 29)

NHCN photo

***New for Ole's**—and possibly a preview of what's to come at Builders Emporium—is a huge paint store-within-a-store at the rear of the center drive aisle. The Vegas remodels follow the lead of the reformatted California stores.*

Environmental laws will alter batteries, tools

by Elizabeth Brent

NATIONAL REPORT — Last month New Jersey Governor Jim Florio signed an environmental law imposing some of the toughest standards yet on the manufacture and disposal of dry-cell batteries.

The challenge is to redesign cordless tools without excessive price increases.

The law requires manufacturers to virtually eliminate mercury from dry-cell batteries by the end of 1995. It also requires the redesign of cordless power tools and appliances by July 1993 to allow for the removal of the rechargeable batteries.

New Jersey is just one of 10 states now imposing environmental laws that will have far-reaching effects on both retailers and manufacturers.

Minnesota, for example, requires manufacturers to have their pilot programs for the collection of used nickel-cadmium batteries in place by April 15.

New Jersey requires that as of January 1993 retailers will

(Continued on page 29)

Cotter gets Macleod-Stedman

by Gary S. Ruderman

WINNIPEG, Man. — On Thursday, a receptionist answered the phone: "MSI, Inc."

On Friday, the salutation was "Cotter Canada."

With the acquisition of more than 280 Macleod-Stedman dealers in Canada, Cotter & Co. opens the door to as much as $300 million per year in new business this decade, and can be credited with saving a well-known retailing name from extinction.

(Cont'd on page 30)

SECOND CLASS

Pergament turns switch off on Rooms 'N Lights p. 3
Ganahl's specialty woods division thrives p. 11
Industry execs reject trade protectionism p. 21

Retailers heed builders' optimism at NAHB show

Association predicts total housing starts will inch up to almost 1.2 million units this year

by John Sinisi

LAS VEGAS — Harry Seigle looked around the main exhibit hall of the National Association of Home Builders' Annual Show and marveled at the level of optimism that he was receiving from builders there.

"The key words here are 'refreshing and invigorating,'" pronounced Seigle, whose Elgin, Ill.-based home center chain, Seigle's Home & Building Centers, paid the way for 120 contractor-customers to come out to the show as part of a promotion. As a result, Seigle's stores have received commitments for more business in the first quarter of this year from most of those delegates.

Builders attending the convention conveyed similar messages to retailers in attendance, including representatives from Meeks Building Centers, Lowe's Cos., Home Depot, Ace Hardware and Payless Cashways.

Of the many retail delegations to attend the show, only the Kansas City, Mo.-based Payless flew its flag, holding down a booth at the far corner of the main hall.

Susan Stanton, senior vp-merchandising for the 195-unit chain, said the benefits that her company receives from its high profile at the NAHB affair go beyond attracting new accounts.

"Very basically, it lets the building community know that we are making a total commitment to them, through our grass roots and national participation in NAHB," she explained.

This year's NAHB show *(Continued on page 29)*

The floor at the recent National Association of Home Builders show was busy with both builders and retailers. NHCN photo

Housing Starts: 1988 - 1992

Year	Single Family	Multi-Family	Total
1988	1,081,000	407,000	1,488,000
1989	1,003,000	373,000	1,376,000
1990	895,000	298,000	1,193,000
1991	842,000	173,000	1,015,000
1992*	985,000	200,000	1,185,000

*National Association of Home Builders forecast

Source: Bureau of the Census — *NHCN* chart

Sutherland brother 'R.Q.', co-owner of lumber chain, dies

KANSAS CITY, Mo. — Robert Quentin Sutherland, one of four brothers who owned the Sutherland Lumber Co., died at his home on Jan. 21 at the age of 72. The cause of death was not disclosed.

According to the *Kansas City Star*, Sutherland was more interested in horses than in retailing for most of his life.

He was the former owner of a quarter horse breeding ranch, a past chairman of the American Royal Horse Show, a Kansas City event, and a former president of the American Quarter Horse Association. He wrote *The Book of Colt Firearms* and *The Quarter Horse as I See Him.*

In an *NHCN* profile of the family business in 1990 it was reported that R.Q., as he was known, sold his four stores in Wichita, Kan., and Amarillo, Texas, in the 1970s. R.Q. and his three brothers and one sister took over the Sutherland Lumber Co. in 1941 following the death of their father, Robert, who founded Sutherland in 1918 in Kansas City.

Sutherland is survived by two sons, Robert Kent Sutherland of Newport Beach, Calif., and Bradford Sutherland of Hattiesburg, Miss.; three daughters; his brothers, Herman, Dwight and John Sutherland; and his sister, Donna Rachel Pearson.

Pay 'N Pak hones in on bank debt

Sells 2 Hawaiian properties to K mart for $30.7 million

KENT, Wash. — Pay 'N Pak's financial picture is looking more hopeful everyday.

Last month, the company, which filed for protection under Chapter 11 last September, closed the sale on its two Hawaiian properties and reached an agreement with its bank group to ease certain sales and earnings covenants.

The Northwest chain sold its 81,364-square-foot Honolulu store, which sits on 5.7 acres, and a six-acre undeveloped piece of land on Maui to K mart Corp. for $30.7 million. Proceeds will go toward reducing Pay 'N Pak's bank debt.

The chain will continue to operate the Honolulu store for about another month. After that, the company will relocate most of its product to its 16 stores throughout the Puget Sound area, said president John Markley in a release. Seasonal merchandise will be liquidated through a going-out-of-business sale starting next week, according to a spokesman. All furniture and fixtures will be sold at an auction.

"It is our understanding that K mart will expand the Honolulu store in order to operate 90,000-square-foot stores on both sites," Markley said in the release.

He said K mart officials intend to interview the more than 80 Pay 'N Pak employees for potential positions at the new discount stores.

This will be K mart's first entry into the Hawaii market and many new jobs will be created, Markley said.

In other promising news for the chain, Pay 'N Pak's bank group agreed to amend certain covenants in its $100 million credit facility.

Without the pressures of meeting higher monthly sales and earnings levels originally expected, Pay 'N Pak can now use the additional credit to buy more product and expedite remodeling plans, said Markley.

"Our lenders are supportive of the chain's direction; we believe that their willingness to amend the covenants demonstrates their continuing confidence in our ability to reorganize."

Corrections

An article about a marketing agreement between California Hardware and Triad Systems Corp. did not fully represent the price of the computers Triad offers.

Dealers can purchase an accounting package-only system for under $10,000. But, according to Stephen McLaughlin, Triad's director of national accounts, the price range on more elaborate systems would increase, "depending on the needs of the dealer."

A story published Jan. 20 about Chase-Pitkin opening in Buffalo, N.Y., incorrectly stated that Hechinger operated a store in that market. Hechinger has units in Rochester and Syracuse, but not Buffalo.

Hines buys lumberyard from Erb

Mokena, Ill., yard's shoppers, products comparable to Hines'

ITASCA, Ill. — Edward Hines Lumber Co. has recently acquired a 9½-acre lumberyard from Michigan-based Erb Lumber.

No terms of the January sale of the yard, located in Mokena, Ill., were disclosed.

"We've long sought a lumberyard location in this southwest suburban [Chicago] location," said Edward Hines, president, in a prepared statement. "The Mokena lumberyard's customer base and product mix mirrors that of our company."

The property has a 17,000-square-foot showroom and 40,000 square feet of covered lumber storage. The Jan. 3 sale signals an exit from the Illinois market for Erb, which operates 50 retail yards in the Midwest. Privately held Hines, which celebrates its 100th anniversary in March, operates 25 yards in the Chicago area and had reported sales of $100 million in 1990.

Free trade makes good sense

Protectionism would offer little cure for the country's ills

by Ken Schept

Les Wexner, the founder and chairman of the retailer The Limited, is leading a new effort to curb any Congressional inclination to pass protectionist trade legislation.

His group, called the Retail Industry Trade Action Coalition, opposes any protection of U.S. textile manufacturers that would restrict imports.

The Coalition asserts that this would result in higher prices and less choice for American consumers.

While it's an intelligent argument, getting that message across will be tough in these fearful, job-threatening times, when looking for the union label would seem like the patriotic thing to do.

But this issue isn't about patriotism, although Wexner makes a good point. He claims that the retail industry employs 20 million people, which makes it a critical component of the U.S. economy.

More important, however, is the basic point of the Coalition's message.

The strength of American industry and the jobs it provides will not be enhanced by protectionism.

Neither will incentives to buy American products save or create many jobs, although the sentiment is understandable.

Being out of work is a frightening circumstance, which too many Americans are facing.

Trade protection will not solve their problem, which needs the federal government's swift attention.

As the world moves toward a single-market economy, decisions about product sourcing and production will be made strictly on a rational, not national, basis.

Artificial barriers, such as Japan's rice supports, will erode over time.

Meanwhile, American companies need to be lean, innovative and responsive to customers and vigorous in the pursuit of quality.

Commenting derisively about the Japanese, or any other group of people, is absolutely unacceptable and symptomatic of the depth of this country's problems, which will not be solved by turning inward.

Rather, we must be as open as possible in understanding and relating with good will toward the rest of the world.

Those who argue otherwise need to be reminded that it's not regulations, but quality, integrity and value which are the highest barriers to entry.

Homeowning universe in limbo

Stores' message needs to reach a shrinking youth market

by John Caulfield

Is the aging of America stifling the home buying ethic?

Most people would probably see as specious the connection between a population growing older and the propensity to buy a home. But the February issue of *American Demographics* presents a fascinating blizzard of statistics tracking this country's shrinking youth market that lend themselves to, at least, a discussion of this question.

A few highlights of that study should tweak the interests—and the future marketing plans—of home improvement retailers and suppliers:

- In 1980, 63.8 percent of the U.S. population was under 18. In 1990 it was 63.6 percent. The U.S. population grew by 10 percent during that period, but all the growth occurred in the adult population;
- The number of 18- to 24-year-olds fell by 11 percent in the past decade and, more significantly, the 14- to 17-year-old segment plummeted by 18 percent;
- However, teenagers still comprise a sizable target market. They spent $55 billion of their own money last year, and $27 billion of their families' dough;
- Fifty-three percent of the 18- to 24-year-olds who have never married still lived at home with their parents in 1990, compared to 43 percent in 1960.

Retailers and suppliers of home improvement merchandise may be losing their influence with young Americans whose numbers are dwindling, and a substantial percentage who are home with mom and dad. These young consumers aren't giving any thought to spending money in a home center. And, even taking the affordability question into account, how hot is the desire to eventually own a home burning among these young men and women?

This industry—through its associations, its larger dealers and its giant suppliers—needs to make a greater impression on the powers that be that an erosion in this homeowning universe, or in the motivation to own a home, will cause serious damage to the economy as a whole.

Stores and suppliers must also take a more active role in getting their message to this population segment through the media they are most likely to favor.

Interestingly, the *American Demographics* section quotes a Simmons Market Research Bureau study which states that nearly 7 out of every 10 teenagers read one daily newspaper a week.

Think about what you're doing with your ROP advertising—you may be persuading a future customer.

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ABP BPA ahma NHCNA

Battery producers adapt to stringent legislation

(Continued from page 1)
have to accept used nickel-cadmium or sealed-lead rechargeable batteries from consumers during business hours.

Dealers will also have to display posters at the point of sale informing consumers that used rechargeable batteries have to be recycled, and this can be done through the store.

Retailers would need to turn in the waste batteries on a regular basis to prevent holding more than 100 kilograms, at which point they would need to comply with EPA regulations governing hazardous waste.

Vendors respond

The challenge is to redesign consumer products without excessive price increases.

Skil and Black & Decker are just two cordless power tool suppliers tackling this problem. Skil's new FLEXI-Pak system, slated to debut at the Hardware Show in August, offers one solution. The 3.6-volt FLEXI-Pak unit contains three nickel-cadmium rechargeable batteries and is removable. It also fits seven different tools, including Skil's new Twist Xtra.

But the product will cost about 5 to 10 percent more than earlier models, according to director of marketing Chuck Heinlen.

Laws that require battery collection are forcing cordless power tool manufacturers to think in terms of reverse distribution. Black & Decker will print toll-free numbers on its packages in Minnesota. These numbers will lead the caller to an operator for the Portable Rechargeable Battery Association (PRBA), who can direct consumers to the nearest collection center.

Beginning Feb. 25, Black & Decker will tell consumers the locations of 600 collection centers nationwide, including 117 of its own service centers, said marketing communications director Ellen Foreman.

As an incentive to consumers to recycle, B&D will offer a special coupon to consumers who come into the collection centers. Upon their purchase of a new B&D product, the coupon will be redeemable for a free book, *Everyday House Repairs,* valued at $15.

Gates Energy Products' new IntelliLink system, introduced six months ago, allows cordless power tools to use rechargeable AA, C and D batteries, rather than a custom-designed battery pack. In case consumers use disposable batteries, it contains a safety device to lock them out of the charging circuit.

Getting rid of mercury

The New Jersey law also makes the sale of disposable batteries that contain mercury illegal after 1995.

Duracell, Eveready, Rayovac and Panasonic have worked for years to reduce the mercury levels in batteries, and their products now comply with current regulations requiring 99.975 percent mercury-free batteries. The challenge is to find a 100 percent mercury-free battery that does not contain any other heavy metal.

Eveready is now testing a 100 percent mercury-free product in two markets, according to vp-trade development Gary Baker. The company hopes to establish whether consumers will pay more for the product and if they will accept the performance, which is inferior to batteries now on the market.

There is an equal need for manufacturers to make rechargers that extend the lives of rechargeables, thus curtailing the flow of returns.

B&D's DeWalt division is putting a new recharger called the Supercharger on the market this year. The new device can recharge any DeWalt cordless power tool battery in just 13 minutes and a battery from any other brand of power tool in 15 minutes. More importantly, it doubles the life of any battery it regularly charges.

Housing start rebound predicted at NAHB show

(Continued from page 5)
marked the organization's 50th year. The golden anniversary, together with the trade group's new battle cry of "Freedom to Build," fanned the fires of an aggressively positive attitude toward business. Suppliers, retailers and customers essentially are determined not to face another year like 1991, during which housing starts fell to the lowest level in modern history.

1.1 million starts in 1992

This year, the nation is at peace, interest rates have plummeted and construction business has shown sights of life since Christmas.

But memories of 1991 still linger. According to panelists at NAHB's economic forecast seminar, consumer confidence remains low, as does the flow of available capital from lending institutions.

Weighing all these factors, NAHB predicts that total housing starts will reach 1.1 million units in 1992, with single-family starts contributing just under a million units (*see chart, page 5*).

New products rolled out

As is the case with most trade events, this show generated lots of news. Some of the stories to emerge include:

- Smart House Limited Partners has finally completed and placed on the market a home that uses its comprehensive automated utilities system.

The partnership has secured Sears to provide customer service on Smart Houses through its nationwide network. And it has signed Plexus Inc. and Ademco to develop software interfaces for the Smart House security and HVAC systems;

- Pella/Rolscreen (now Pella Inc.) introduced a complete line of windows and doors for builders called Pro Line and an environmental education initiative in conjunction with the National Arbor Day Foundation;
- Black & Decker's DeWalt division debuted a new line of power drills, drivers, saws, sanders, accessories and service programs, providing what the company describes as an American alternative for the high-end professional power tool market; and
- PlyGem's SNE Enterprises unofficially announced its intentions to enter Arizona, California and Nevada markets by this June with Crestline and Vetter windows and doors, expanding its distribution coverage to 49 states.

Political backdrop

This show, held as it was in an election year, provided a backdrop for several public officials. Housing and Urban Development Secretary Jack Kemp delivered his department's new policy proposals, including efforts to spearhead aggressive zoning and financial regulatory reform.

Senator Paul Simon (D-Ill.) joined former President Jimmy Carter in marking NAHB and Habitat for Humanity's first Homes Across America project, an affordable house built right in the convention center parking lot.

President George Bush held an interactive video teleconference with NAHB members in the convention center's main ballroom. In the conference, Bush previewed a number of themes that emerged in his State of the Union address, including a $5,000 tax credit and Individual Retirement Account provisions for first-time home buyers.

Builders Emporium remodels four Las Vegas Ole's

(Continued from page 1)
Costa Mesa, Oxnard, Pasadena and two in Bakersfield—were all finished in 1991.

The main difference between the California remodels and those here is that some newer lines may not be rolled out in Las Vegas, said Jim McKitrick, BE's president.

The large framing and kitchen accessories departments, for example, are not nearly as extensive in the Nevada stores.

New for Ole's—and possibly a preview of what's to come at BE—is a huge paint store-within-a-store at the rear of the unit's 30- by 60-foot center drive aisle.

The Rancho Drive store is the last one the company plans to open in a large market, McKitrick said.

"We opened the store to fill out the market before committing to the smaller market strategy," he said.

Expansion disclosed

Looking ahead, McKitrick said the remodels signal some aggressive plans the company has in store this year.

BE plans to remodel 18 to 20 stores by the end of 1992, and projects doing another 30 by 1993. The company also plans to open about eight new units in 1992, most of which will be located in small markets in Nevada and Arizona, like Bullhead City and Lake Havasu. The first four of these stores should be open in the next four months, McKitrick said.

He said the chain is in the process of negotiating on three or four sites in Arizona, and two or three of the new stores will be in small California towns, he said.

If all goes well with BE's push into Arizona and Nevada, the company may decide to open a new distribution center in Nevada, McKitrick said. Right now the chain is serviced out of one DC in Pomona, Calif.

"First we'll see what kind of demand there is before we make a commitment," McKitrick said.

Yet while the chain plans its expansion, it is also continuing to evaluate current markets where stores may not be profitable. In 1991, BE closed six units in California, McKitrick said.

Correction

A Feb. 3 article on specialty lumber incorrectly reported that Riverhead Building Supply Co. had added a new siding product called Duratemp. The company does not stock that product.

Dealers put faith in free trade

(Continued from page 24)
For example, Payless Cashways is one of several chains that no longer have import directors. Products that were imported directly by Ace Hardware Corp. accounted for only 2 percent of Ace's total revenues last year, according to Murray Armstrong, import buyer for the Oak Brook, Ill.-based co-op.

Direct imports were down 40 percent in 1991 at HomeClub, the Fullerton, Calif.-based chain, which, according to its president, Jim Halpin, hasn't sent a buyer to the Orient in search of new product lines for 12 months.

HomeClub is among a growing number of retailers that encourage their customers to "Buy American." The most vocal advocate of this marketing strategy is Wal-Mart, even though the discount chain, its competitors are quick to assert, carries as much imported merchandise as any dealer.

The meaning of "American-made" gets confusing when U.S. manufacturers, in the spirit of "globalization," make or assemble products overseas and sell them here with their brand names on them.

But given consumers' nervousness about the fragile state of the U.S. economy, an appeal to their sense of national pride has proven to be good business. "It plays well with customers," said Halpin, whose stores have hung American flags next to domestically made merchandise. "I don't need research to tell me that."

HomeClub and most other home improvement dealers insist that, all things being roughly equal, they will buy from an American supplier.

However, Halpin thinks it would be "imprudent" to rely on U.S.-made fare exclusively, primarily because certain foreign-made lines, such as Makita power tools, have established consumer franchises that cannot be ignored by dealers.

CS150-6

POWER DEPARTMENT REPORT
Kitchen & Bath

National
Home Center News ®

Vol. 18, No. 6 $5 a copy The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. Published by Lebhar-Friedman Inc. Mar. 23, 1992

Top 5 Scoreboard

The recession didn't deter the 1991 sales performance of the industry's leaders, all but one of which also reported earnings gains.

Company	Sales ($Bil.)	% Gain
Home Depot	$5.1	35
Lowe's	$3.1	8
Payless Cashways	$2.39	7.7
Builders Square	$2.05	8.4
HomeClub	$1.4	7.4

For details, see pages 2-4.

Payless plans renewed expansion

Stock offering should permit first new stores since LBO

by Gary S. Ruderman

KANSAS CITY, Mo. — As a by-product of its decision to become a publicly owned company again, Payless Cashways will restart an expansion program that's been on hold since 1988.

Payless plans to add a "few" stores in 1993 to its current total of 195, and open six to 10 annually beginning in 1994, said David Stanley, Payless' chairman, late last month.

Before it suspended new store growth because of a leveraged buyout in 1988, Payless had been adding 19 stores a year since 1984, many through acquisition.

The company will put stores in new and existing markets, according to a preliminary prospectus for Payless' initial public offering of 33.5 million shares of common stock issued Feb. 21. The company intends to offer the stock in April.

By expanding in existing markets, Payless acknowledged it might cannibalize, or take sales from, stores already in those areas.

Payless believes the same market expansion will make shopping its stores more convenient for local customers, and boost margins by reducing costs for management, distribution and advertising.

The company didn't reveal where it's looking to grow in its filing with the Securities and Exchange Commission last month or in follow-up interviews. Payless needs 12 to 15 months to open a new store at an average capital investment of $5 million each.

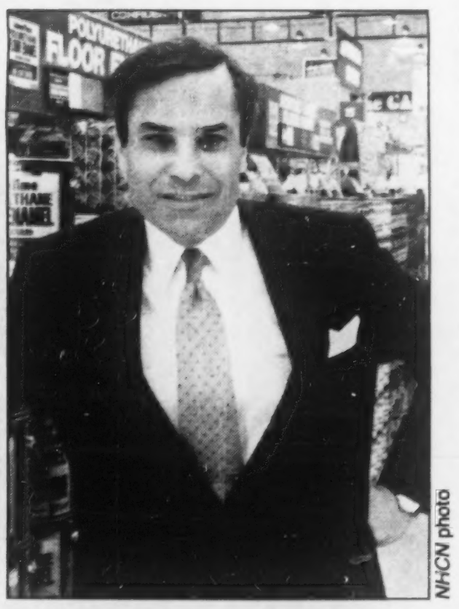
For the year ended Nov. 30, 1991, Payless' sales rose by 7.7 percent to $2.39 billion.

Its stores, which are concentrated in Texas, Indiana, Col-

(Continued on page 46)

Pergament deal a sweet one for vendors

$40M credit will permit merchandise replenishment



NHCN photo

President Alan Kane

by Elizabeth Brent and John Caulfield

MELVILLE, N.Y. — For most of the day, George Schwartz and David Levine waited for The Call.

The two men, vps of merchandising for Pergament Home Centers, anxiously camped by their phone on Feb. 26 to hear whether their company, which showed all the signs of teetering into bankruptcy, had successfully negotiated a restructuring of its debt acceptable to bank lenders and trade creditors.

Around 4:30 p.m., The Call came through. Pergament, according to knowledgeable sources, would convert to equity $94.5 million, or more than half, of its long-term funded debt. Vendors, which are owed around $25 million, would get 100 cents on the dollar over a 10-month period. And a new $40 million line of credit would allow the company to start buying merchandise again for its 32 stores.

"David and George immediately started calling vendors, and it's been nonstop," said

(Continued on page 49)

NHCN photo

***Dealers are** boosting their displays, instead of inventory.*

Quality succeeds quantity in kitchen cabinet display

Turnaround and service are stressed

by John Sinisi

NATIONAL REPORT — Ernest Folcarelli, kitchen manager for the Smithfield, R.I.-based Douglas Lumber, would have expected someone with a $500,000 home to spend upward of $25,000 on new kitchen cabinets. But recently, a retired couple with just such a home opted to buy cabinets made by Haas Cabinets of Sellersberg, Ind., for $12,000.

Folcarelli wasn't surprised at their choice; he is confident of the product's quality and style. But he does concede that tougher economic conditions are steering typically top-shelf customers to less expensive options.

(Continued on page 50)

NBMDA, NAWLA get serious about merging

Ill. — Inter- were estab- h to explore er of the Na- Material Dis- Association the North sale Lumber WLA).

WLA's exec- aid merger December. ations serv- ing many of the same distributors, Kent believed a combination would bring "economic benefits."

George Bryson, interim director of NBMDA, said both organizations were polling members: NAWLA has 650; NBMDA, 400. Combined, the associations' members would have sales of $20 billion, according to Kent. The two groups were still hashing out the details at the beginning of March.

In other news, Albert Leitschuh resigned as NBMDA's executive director on Feb. 21 to head a concrete distribution association in Indianapolis.

Bryson, former executive vp of a Chicago forest products distributor and past president of NBMDA, will head the NBMDA office through merger "discovery."

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SECOND CLASS

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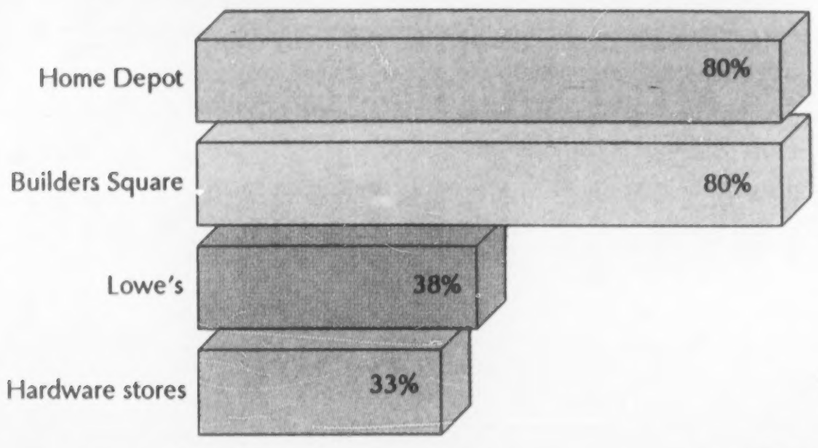
Builders Square hires TV star as spokesman p.4
Service sells kitchens and baths p.15

INDUSTRY STATS

Who is a discounter?

Percent of Purchasers Defining Hardware/ Home Improvement Stores as a Discounter



Source: Leo J. Shapiro & Associates — *NHCN* chart

More stores than you'd think, *according to new research conducted for* NHCN's *sister publication,* Discount Store News, *by Leo J. Shapiro & Associates, the Chicago marketing research group.*

More than 1,700 consumers were polled and, as the chart above shows, it appears the price image of a given retail chain determined the extent to which it was defined as a "discounter."

COMING ATTRACTIONS

The upcoming Power Department Reports *will focus on two staples that many retailers are expanding.*

On July 20, NHCN *will devote this section to lawn and garden products, including outdoor power equipment, live plants, water systems, decks, tools, outdoor lighting and barbecues. The special section will detail how home centers are gaining ground in this $16 billion market.*

On the heels of the National Hardware Show, the September 14 Report will hone in on the Hardware and Tools department and all its attendant merchandise such as fasteners, accessories, security hardware, hand and power tools, builders' hardware and ladders.

NEWS BRIEFS

Commerce hikes tariffs on Canadian timber

WASHINGTON — As expected, the Commerce Department has issued a preliminary ruling that increases duties on subsidized Canadian timber exports.

The March 6 decision imposed a 14.48 percent tariff on the lumber and moves the U.S. closer to establishing permanent duties, which are seen by Canadian officials as politically motivated.

About $2.7 billion in Canadian timber entered the U.S. in 1991, 74 percent from British Columbia. Only four provinces—Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island—were exempt from the duties.

Commerce identified two subsidies: a 6.25 percent subsidy resulting from charging below-market prices on timber cut on public land, and an 8.23 percent national subsidy stemming from B.C.'s prohibition on exporting logs from public lands, which forces loggers to sell only to local mills.

The Canadian government, which will seek redress from the General Agreement on Tariffs and Trade, is particularly irked because Commerce, according to the *Wall Street Journal*, granted an exemption to only six of 314 Canadian firms that process U.S. logs.

Home Depot maintains top spot in 1991

ATLANTA — Home Depot outperformed the home improvement industry in spectacular fashion in 1991, as its sales rose 35 percent and its net income jumped 52 percent.

Revenues for the chain, which ended last year with 174 stores, exceeded $5.12 billion. In the fourth quarter, the company's sales jumped by 29 percent to $1.3 billion. Last year, the company opened 29 new outlets.

Home Depot's earnings figures were even more impressive, as its net income hit $249.2 million, or $1.20 per share. In the latest quarter, the chain's earnings rose 63 percent to $67.6 million, or 31 cents per share.

The company improved its annual inventory turnover to 6.1 times from 6.0 in 1990, and weighted average weekly store sales rose by 13 percent to $633,000. And, as it has done for the past several years, Home Depot increased its average sale by 5 percent to $35.13 per customer.

That figure contributed to the chain's comp-store sales increasing by 12 percent in the fourth quarter and 11 percent for the year.

H&C Timber names Moore's pres. to board

NHCN photo

Norm Darrer

ROANOKE, Va. — Norman Darrer, president and coo of Moore's, was appointed to the board of H&C Timber and Building Supplies on Jan. 1. This is the lumber division of Moore's British parent, Harrisons & Crosfield plc.

Darrer now represents the American interests of the company, which include the 58 original Moore's units and eight former Woodbury's, now under the Moore's name.

Darrer's responsibility increased earlier this year with the return of Moore's chairman, Brian Jermyn, to England. Darrer now oversees capital investments and is more involved in the search for acquisitions.

By working closely together, Moore's has seen how its parent serves the professional customers and how its road salesmen work.

Paneling legend, Manous, dies

NORFOLK, Va. — T. C. Manous, a pioneer in the paneling business, died Feb. 25. He was 65. The cause of death cited was complications from juvenile diabetes.

His career took him from head of design for the old Vanply Paneling Co. through Weyerhaeuser and, ultimately, to Plywood Panels Inc. Manous is credited with being the first designer to conceive of a decorator panel: wallpaper on a plywood substrate.

Manous spent 40 years offering his keen sense of customer preference and unique vision to the design of plywood paneling. And industry figures throughout the country paid him tribute.

"I think he was a front runner in the paneling business, a pioneer, and contributed a great deal to the industry," said Walt McColl, paint marketing specialist at Lowe's.

Jim Lavender, senior vp and general merchandise manager at Wickes Lumber in Chicago, remembered Manous for his unique understanding of retailers' needs. "His sensibilities were closer to the end-customer than anyone else I've known," he said.

Manous is survived by five sons and two sisters, Beverly Price and Pat Pheifer. Memorial services were held in Virginia Beach on Feb. 29, and in Charlotte, N.C., on March 3.

The Manous family requests that any donations be sent to the Diabetes Foundation, 5520 Greenwich Road, Suite 202, Virginia Beach, Va. 23462.

Busy Beaver creditors OK new plan

PITTSBURGH — Busy Beaver has come up with a reorganization plan that its secured and unsecured creditors can endorse, and the company could come out of Chapter 11 by April 1.

On Feb. 19, management of the 10-unit local home center chain and its creditors successfully negotiated revisions to a plan to restructure Busy Beaver's $21 million in debt. The chain filed the plan with the Pittsburgh District Bankruptcy Court last December.

Basically, the original plan provided for action against a lawsuit that the unsecured creditors were threatening to mount against Busy Beaver's leveraged buyout team (*NHCN*, July 8, 1991).

The full complement of creditors voted in favor of the plan by a two-thirds margin. As a result, the unsecured creditors' committee decided to agree on a settlement, terms of which were undisclosed.

The bankruptcy court scheduled a hearing on Busy Beaver's amended plan for March 31. If approved, the company will emerge from Chapter 11 the following day.

Dealers report signs of recovery at Show

CHICAGO — Futurist Carol Farmer's description of the 1990s as the "Less Decade" had some validity at the National Home Center Show last week.

Yet while the show was decidedly smaller, the contention by Farmer, who addressed conventioneers the day before the show opened, that businesses could thrive in a lower consumption decade was supported by vendors and retailers in attendance.

"This year's attitude is the flip side of gloomy," said Charlie Whipple, vp-marketing of Sterling Plumbing Group. As proof, Whipple pointed to a Chicago *Tribune* headline: "Recovery Sighted."

If the mood last year was sullen because of the recession and the Gulf War, retail business in this year's first quarter reflected optimism and improved health. Retailers such as Handy Andy, Payless Cashways in the Midwest, Builders Emporium and Lanoga Corp. on the West Coast and Grossman's and Channel in the East all reported increases in their first quarter business.

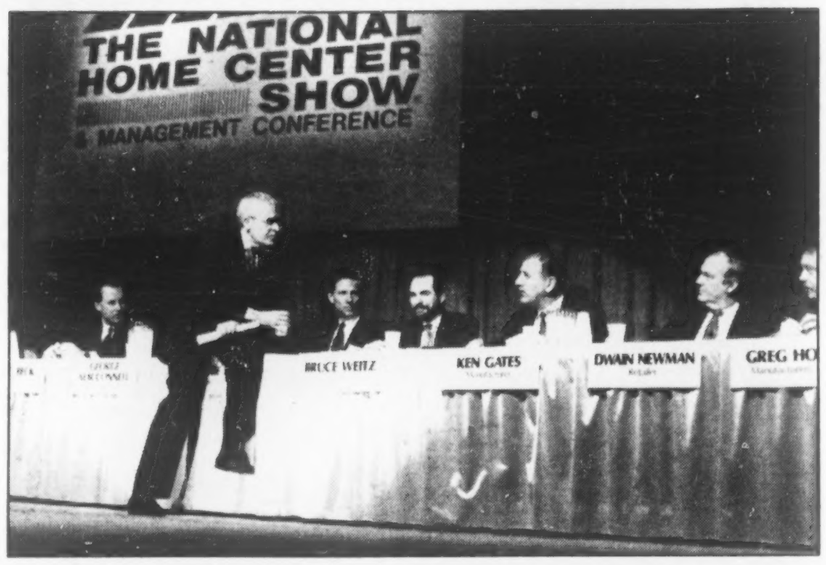
However, Ron Rashkow, Handy Andy's chairman, was wary about comparisons to 1991 "when the world stopped" because of the war.

What overstored market?

The robustness of the industry was signaled by news emanating from the show:

- Virginia-based HomeQuarters Warehouse confirmed its plans to open stores in Memphis, Tenn.; Manchester, N.H.; St. Louis; and Cincinnati by May. *Crain's Detroit Business* also reports that HQ has six new stores on tap for Detroit,

(Cont. on page 49)



***Professor Arthur Miller** (on table) moderates "Partnership Wars!" with 14 industry panelists.* NHCN photo

B&D out to reclaim glory days

Pitches DeWalt line to combat foreign competition

NHCN photo

***B&D hopes to recapture** a greater share of the professional tool market with the recent introduction of its 33-sku DeWalt line.*

by Gary S. Ruderman

NATIONAL REPORT — Not too long ago, when people spoke of portable power tools, they invariably meant products made by Black & Decker.

The Towson, Md.-based company held a dominant position in the world market, both on the consumer end and even among industrial and commercial users.

But in the mid-1980s, B&D was rocked by foreign competitors such as Japan's Makita Electric Tool Co. which marketed lines of professional-grade power tools that displaced B&D's products as most favored among U.S. home centers.

Makita, even by B&D's reckoning, now controls about one-fifth of the $1 billion professional-grade tool market in the U.S., or more than two-fifths of the $450 million of these products sold through retail channels.

But with the recent introduction of its 33-sku yellow and black DeWalt line of professional-grade portable, cordless and benchtop equipment, B&D has fired the opening salvo in what is shaping up to be a real market war to regain its past glory.

(Continued on page 46)

***Allen (on tractor)** shoots one of a series of commercials for Builders Square as their new spokesman.* Photo courtesy of Ross Roy Retail

Builders Square recruits star power for new TV ads

Signs Allen of 'Home Improvement'

NATIONAL REPORT — The nation's fourth largest home improvement chain may have pulled off the publicity coup of the year in signing a top-rated television star to a two-year advertising pact.

Builders Square's first commercial with Tim Allen, star of the ABC sitcom "Home Improvement," debuted March 9 in more than 50 markets.

Allen and the 146-unit chain inked the exclusive deal for an undisclosed sum on Feb. 27. Shooting in the Detroit area stores began March 2.

Allen, the macho yet bumbling host of a fictional do-it-yourself television show based in his hometown of Detroit, will also appear in Builders Square's radio and newspaper ads as well as promotional events such as grand openings. The TV spots, according to Builders Square's publicity firm, will promote seasonal projects like lawn and garden, installation services and holiday shopping.

Builders Square's ad agency approached Allen last year.

"There is a credible link between Tim's character and the business we're in," said Mark James, vp-marketing for the San Antonio, Texas-based chain. "He's believable [but] he's not an expert, which makes his persona extremely approachable." James stressed that Allen was indeed a DIYer. Builders Square's target audience is the 25- to 55-year-old

(Continued on page 46)

Lowe's 1991 sales up by 8%

Larger-format stores record the highest gains

by John Sinisi

NORTH WILKESBORO, N.C. — A significant gain in the fourth quarter boosted Lowe's Cos.' fiscal 1991 sales by 8 percent over last year. But a one-time writedown during that quarter squeezed the company's end-of-year bottom line.

Sales of $709.6 million during the three months ended Jan. 31 were 21 percent higher than last year's fourth-quarter revenue of $586 million.

Lowe's also recorded a loss of $43.3 million for the fourth term. The company took a pretax restructuring charge of $71.3 million to reflect expected costs of converting its 123 smaller stores to its larger prototype over the next four years.

The one-time writedown dragged fiscal 1991 profits down 91 percent to $6.5 million. But sales for the year improved 8 percent to $3.1 billion.

A breakout of Lowe's big-store versus smaller-store earnings offers a clearer view of the company's successes in 1991. The 31 stores with the larger format that Lowe's unveiled in 1989 posted 20 percent gains in comparable store sales for each 1991 quarter.

Consumer durables and what Lowe's calls "home center products" led the 1991 sales gain. Consumer electronics was the leader among the durables categories, and lawn & garden, home decor, lighting, tools and bath were the strongest among home center products. Contractor

(Continued on page 50)

Pay 'N Pak pares again

Nine-store downsizing to strengthen performance

by Robyn Taylor

KENT, Wash. — In what could be the last of its major downsizing measures, Pay 'N Pak closed nine more stores, restructured its top management team and laid off more than 200 employees at the end of last month.

The company closed four stores in Colorado, in Ft. Collins, Greeley, Colorado Springs and Pueblo; two stores in Kansas, in Hutchinson and Topeka; its Ontario, Ore., unit and one of its six Portland stores; and its unit in Sioux Falls, S.D.

Pay 'N Pak is now left with one store in Colorado, in Grand Junction, said president John Markley.

Markley said the nine stores averaged only about 20,000 square feet and were located in predominantly rural areas. They accounted for less than 10 percent of the company's total sales volume, and the chain decided the closures would strengthen its overall financial performance.

Markley said Pay 'N Pak may go back into the Ontario, Ore., market with a larger replacement store, but has not located an appropriate site yet.

"It's a market we still want to be in," he said.

About 75 percent of the merchandise in the closed

(Continued on page 50)

NHCN photo

***Despite downsizing,** Pay 'N Pak is investing in new and remodeled stores.*

HomeClub commits to new identity

Plans media blitz to acquaint shoppers with HomeBase name

FULLERTON, Calif. — A rose by any other name . . . .

Or so hopes HomeClub, the warehouse chain of 73 stores that decided to change the name of all its warehouse units to HomeBase by the end of April.

Company president Jim Halpin said the name change was inevitable, explaining that the stores had not been "clubs" for quite some time and the identification was confusing some consumers.

"We decided to get it over with," Halpin said.

Within the next two months, all stores should have the new HomeBase signage and logo, said Halpin. The logo, which will preserve the "look" and colors of the original HomeClub logo, will include a new tagline: "America's Best Home Improvement Warehouse."

Halpin said the company

HomeBase
AMERICA'S BEST HOME IMPROVEMENT
WAREHOUSE

will not make any dramatic changes associated with the name change, but it is planning a major media blitz to introduce it to customers. In April, the company will launch both TV, radio and print ad campaigns, said Ronald Gilmore, vp advertising and marketing.

HomeClub is also in the process of renovating 24 stores in California, Nevada and Washington. The remodels should be complete by this spring and will feature new 12-foot-high racking, compared with the old 8-foot-high fixtures; Paint Labs, or enclosed color-matching centers staffed by paint technicians; and expanded carpeting, kitchen and lighting departments (*NHCN*, Oct. 28, 1991).

Once these stores are reformatted, the chain will begin

(Continued on page 49)

Chicago's Gee Lumber to close remaining units

CHICAGO — Gee Lumber Co., the once-venerable Chicago area retailer, is liquidating its retail business.

The privately held company began selling off inventory at its remaining five stores as well as accounts receivables on Feb. 24.

Nancy Gee, the company's third-generation president, said Gee Lumber's longtime lender decided not to lend working capital for seasonal inventory purchases to the shrinking company. The liquidation means that 150 employees will be out of work.

Gee Lumber had nine stores and sales of $21 million in 1990.

Regardless of the changes Gee Lumber had made in reducing expenses and payroll over the last three years, the bank, which Nancy Gee declined to identify, "got nervous," she explained.

"We were at a point where we could beat the economy and the competition [which includes Builders Square and Handy Andy]," Gee said. Without inventory for the busy spring and summer season, Gee and her father, company chairman Jim Gee Sr., decided on Feb. 14 that it would be best to liquidate the operation.

She said the Gee family's decision to spin off four stores to brother Jim Gee Jr. four years ago was a "mistake" that hurt the firm. Those four stores were still owned by Gee Lumber but operated under the name Sawhorse Home Centers. They all failed, and the company had difficulty selling the locations in the southern suburbs of Chicago.

Last year, Gee Lumber closed four of its own units and sold off its lumber treating business.

Nancy Gee said the liquidation could possibly be completed between May and July and a new company of one or perhaps two stores could emerge.

Highland American files Ch. 7

Gypsonite maker didn't have sufficient backing, demand

EAST PROVIDENCE, R.I. — "We were the wrong company in the wrong location at the wrong time."

That's the assessment by Mark Hogan, the treasurer of Highland American, a manufacturer here that two years ago introduced an innovative product called Gypsonite, a wallboard produced with recycled paper. The company liquidated on Feb. 20, leaving in doubt the future of this environmentally oriented product.

Company officials were scrambling early this month to raise new capital to buy back Highland American, which is currently in the hands of its lender, a Helsinki, Finland-based bank known as Kansallis-Osake-Pankki.

As a result of the filing under Chapter 7 of the U.S. Bankruptcy Code, Highland has laid off its remaining 60 employees. It closed its mill in East Providence, R.I., on Jan. 31, citing the sagging New England economy and high energy costs as significant reasons.

Furman Lumber, the Billerica, Mass.-based wholesaler that was the chief distributor of Gypsonite, has switched over to a similar product called FiberBond, which is produced by Louisiana-Pacific in Port Oxford, Nova Scotia.

"What we needed was financial restructuring," said Hawk Furman, the former president of Furman Lumber who helped found Highland but was let go last Dec. 31.

Furman confirmed that the bank, which had $30 million invested in Highland (48 percent of that loan being held by DeutscheBank in West Germany), had demanded that the company's shareholders, who had kicked in some $10 million, put in more equity. The shareholders, in turn, said they would do so only if the banks restructured their debt.

(Continued on page 46)

Builders Square ends 1991 with record sales, income

TROY, Mich. — Builders Square had record sales and operating income in fiscal 1991, reported its parent company, K mart Corp., here.

The San Antonio-based chain ended the year with 144 stores. And for the fiscal year ended Jan. 29, the company surpassed the $2 billion sales plateau for the first time. Its sales of $2.05 billion were 8.4 percent ahead of the previous year's.

Builders Square's operating income increased 27.2 percent to $74 million. Compstore sales rose 7 percent.

"The year 1991 has been a good one for us despite the weak economy," said president and ceo Glen R. Mielke in a prepared release.

"Over the past year we have refined our focus, both in geographic markets and merchandise mix, and feel that we are poised to continue to improve our results in the years ahead," Mielke said.

Quality is key to selling kitchens

(Continued from page 1)

Economic doldrums that are causing subtle shifts in selecting kitchen cabinetry are, predictably, dictating changes in the industry as well. On the supply side, companies like Merillat, which launched its upscale semi-custom Amera series this year, used to offer only prefinished stock lines.

And on the retail side, in-store inventory levels are declining, as home center operators would rather invest in upgrading their displays and in other faster-turning merchandise, rather than tie up their money and storage space with a backlog of cabinets.

Vendors and their wholesalers recognize this, and are supporting their retailer clients by shipping more frequently.

Improved turnaround on orders has helped maintain Channel's kitchen department cash flow, according to vp and gmm Ethan Klausner. By going through Merillat distributor Long Island Stove in Suffolk County, N.Y., Channel can have orders shipped straight to customers in 10 business days.

One manufacturer, Triangle-Pacific, is using its new Bruce Cabinets line to seize on the trends toward quicker distribution and more-affordable, high-fashion choices.

By joining the semi-custom cabinet fray already inhabited by such suppliers as Bremmer, Schrock, Kraftmaid and Riviera, Tri-Pac is giving consumers a lower-price option without any significant dilution of style or selection.

Big R Stores, a nine-unit chain based in Kokomo, Ind., took on the Bruce line last fall. Kitchen buyer Joe Schreyer noted that customers didn't recognize the Bruce name at first but that the line is gaining in popularity weekly. He believes Big R will by this summer make back the $17,000 it invested in the nine Bruce displays.

Some home centers are taking chances on fresher styles in an attempt to stimulate sales.

Plywood Minnesota's kitchen buyer, Ellen Boschwitz, finds that a raised-panel cathedral look could be the new darling in her area.

"Glass in the doors is becoming popular, too, especially at the better and best price points," she said. "And a medium-color oak is finding a place among the whiter shades in terms of color."

Lumbermen's professional kitchen designer, Steve McCloud, thinks he's found an old look with a new twist.

"Flat-panel cabinets are coming back, but they're a little different than [in] the 1970s." Now, they feature a 180-degree bull-nosed edge on all drawers and doors, and a quadrant-routed pull cut into the bottoms of the drawer and edges of the doors instead of handles.

Pay 'N Pak shrinks, reorganizes

(Continued from page 4)

stores was redistributed throughout the chain. The rest is being sold off through clearance sales.

One hundred and eighty store employees and 25 home office associates were immediately laid off as a result of the closings. Another 30 corporate employees will be let go in April, Markley said. Those employees will have the opportunity to stay with Pay 'N Pak in field positions.

Markley said about 90 new jobs were created in the eight remodeled stores in the Puget Sound area, which had grand reopenings on March 18.

In other news, Pay 'N Pak reorganized its management by adding two new executives.

Alfred Koontz Jr. has taken over the position of executive vp and cfo. Ronald Redpath became the company's new director of financial planning. Both served in similar positions with Todd Shipyards Corp.

The Seattle-based shipyard successfully emerged from Chapter 11 last year.

Greg Maffei, Pay 'N Pak's former cfo, will remain executive vp and a board member, and will focus on real estate and reorganization issues.

Lowe's sales up 8%; profits falter

(Continued from page 3)

products (i.e., lumber and building materials), suffered a 2 percent sales decline. Gross margins held at roughly 24 percent in 1991.

Inventory, at $602.8 million, was up 31 percent over last year's. The company explained that the increase is tied to the firm's need to keep its larger stores fully stocked and ready for spring business.

Apparently, the chain did well to prepare. Sales for February were up 37 percent compared with the same month last year.

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Housing spurt ignites lumber supply debate

Lumber dealers not ready to stock up . . . yet

by John Sinisi

NATIONAL REPORT — News of the two-month spurt in new home construction did not excite Bob Trexler, general buyer for Carolina Builders' Edwards Lumber Co. in Charlotte, N.C. Granted, he saw an improvement in his own market, but not in the areas he would have liked.

"There's been an awful lot of tract-home building around here," Trexler said. "But the bigger part of our business is in custom-home packages, and the increase is slower there."

Lumber and building materials buyers in the rest of the country are a little more pleased with the Commerce Department's report in mid-March that February housing starts climbed 9.6 percent to an annualized 1.3 million units. But like Trexler, they are not impressed enough to step up inventory.

***Although February housing starts** climbed 9.6 percent, many dealers are reluctant to step up inventory.* Photo courtesy of NAHB

True, nearly every lumberyard is storing more lumber now than it had at this time last year, but that has little to do with evidence of a recovery.

"The lumber market's early movement forced us to go in and take a heavy position two months earlier than usual," said Dennis Taylor, who buys lumber and building materials for Ogden, Utah-based Anderson Lumber. Taylor said lumber price increases, which usually hit in March, came as early as December of last year to his region.

(Continued on page 60)

NeRLA 'sends' message to Congress

ROCHESTER, N.Y. — A few chosen Congress members will be receiving a 2 by 4 that packs a punch in their mail, as angry lumber dealers seek new ways to bring their message home.

Last month the Northeast Retail Lumber Association (NeRLA) mailed out 2 by 4s to the 75 members of Congress from New England and New York, to protest the increase in lumber prices.

"The overzealous minority with a well-intentioned desire to look out for rare plants and animals [is] devastating an entire industry in the Northwest," said the letter attached to the 12-inch-long piece of lumber.

"And they are damaging New York and New England's ability to pull out of the recession through the traditional route of a healthy housing market," it continued.

The letter also stated that lumber

(Continued on page 60)

Trade groups lobby to lift timber bans

by Gary Ruderman

NATIONAL REPORT — Lumber dealers from around the country swarmed on Capitol Hill last week with the message that a "sustained economic recovery is in jeopardy" unless Congress lifts restrictions on timber harvests and passes tax law changes to spur first-time home buying.

The message was carried by members of the National Lumber and Building Material Dealers Association (NLBMDA).

Preceding their visit March 24, a first-time coalition of the NLBMDA, the National Association of Home Builders, the National Forest Products Association and the American Forest Resource Alliance issued a report stating that skyrocketing lumber prices threaten to stymie housing construction.

(Continued on page 60)

84 Lumber to bolster contractor sales force

EIGHTY-FOUR, Pa. — In keeping with chairman Joe Hardy's desire to target an affordable-housing market niche, 84 Lumber plans to expand its contractor sales program by adding 200 more representatives this spring.

As part of its focus on affordable housing, the chain will add 200 reps.

The 342-unit chain also promoted three of its veteran contractor sales representatives (CSRs) to special area managers responsible for training and supporting the larger staff.

Tracy Curry will manage the South; Fred Molk will be responsible for the Midwest; and Chuck Mullooly will take care of CSRs in the North. The three started their new posts on Feb. 1 and report to 84's vp-operations, Jerry Smith.

The area managers' immediate concentration is on

(Continued on page 62)

Ikea shopper sets up camp

Altruistic grandson vies for top prize as first customer

by Robyn Taylor

FONTANA, Calif. — John Paul, a 30-year-old outdoor survival instructor, prides himself on his ability to live off the land for weeks on end.

For details on Ikea's Fontana, Calif., store, see page 3

The British native and now a Los Angeleno, Paul has slept in all sorts of adverse conditions. Yet he never dreamed he'd spend 17 days camped on the concrete pavement outside Ikea's new store here.

So why did Paul camp outside Ikea, setting a company record for the person who waited the longest to be the first customer in the door?

(Continued on page 61)

NHCN photo

***John Paul** and his 'home' of 17 days as he awaited opening of the Fontana unit.*

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INDUSTRY STATS

Home is where your bucks are

Average price of a 2,200-square-foot, single-family home in 1991	
Most expensive	
Beverly Hills, Calif.	$1,184,167
La Jolla, Calif.	780,000
San Francisco	604,000
Honolulu	594,750
Greenwich, Conn.	569,000
Expensive	
Modesto, Calif.	240,750
Providence, R.I.	238,750
Mercer, N.J.	236,667
Ann Arbor, Mich.	233,875
Monmouth, N.J.	226,500
Moderately expensive	
Seattle	174,750
Brooklyn, N.Y.	172,500
Kansas City, Mo.	172,500
Harrisburg, Pa.	172,333
Camden, N.J.	169,500
Moderately inexpensive	
Columbia, S.C.	148,350
Portland, Ore.	147,833
Tucson, Ariz.	145,000
Green Bay, Wis.	144,600
Syracuse, N.Y.	144,475
Inexpensive	
San Antonio	96,045
Leavenworth, Kan.	93,870
Tulsa, Okla.	93,225
Corpus Christi, Texas	87,975
Oklahoma City	75,750

Sources: Coldwell Banker; Sumichrast Report, Rockville, Md.
NHCN chart

At least if you live in California, *locale of eight of the country's 10 most expensive single-family home markets; by comparison, Seattle seems to be a relative bargain. Alternatively, you could have driven to Oklahoma City and picked up a house for $75,750, the lowest price among the 100 cities rated.*

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NEWS BRIEFS

Mr. Goodbuys founder goes all-American

PHILADELPHIA — A decade after Steve Erlbaum opened his first Mr. Goodbuys on Castor Avenue in this city, he is returning to the same location with another new retailing concept.

The store, to be called Uncle Sam's, is slated to open in June. It will sell American-made goods with "something of everything, including home center items," according to Erlbaum. Vendors familiar with Erlbaum's plans said that he intends to offer off-price hardlines, apparel and food in this unit.

Erlbaum and partner Robert Shein, together with two former Mr. Goodbuys executives, Ray Savett and George Chaker, are said to be looking at a total of six prospective sites.

The first test unit will open in the 80,000-square-foot inner-city store that Erlbaum was leasing to Mr. Goodbuys before it liquidated.

Erlbaum currently operates a Simple Simons Surplus store and Dollar World (where every item is priced at a dollar) within the city.

Industry group for women updates logo

CHICAGO — Women in the Hardware Industry introduced an updated logo and presented new business cards during a breakfast meeting at the National Home Center Show.

The cards list the association's purpose, which includes leadership development of women in the home improvement industries and provision of educational programs, materials and opportunities for professionals in the industry.

For information, contact Kathryn Kay, vp-membership, at (216) 498-2335.

Truckers face tough new regulations

NATIONAL REPORT — America's truckers will face drug and alcohol testing on intrastate hauls if a new act passes the final ruling stage on Oct. 28, according to Robert Redmond, a specialist with the Department of Transportation.

The regulations limit blood alcohol to 0.04 percent; currently "normal" state limits are 0.1 percent.

Also this week, more than 85 percent of America's truckers are carrying new licenses.

The Commercial Drivers License (CDL) from the Federal Highway Administration is meant to make the roads safer by getting certain truckers—those with suspended licenses or driver's licenses from more than one state—off the road. Individual states administered the written and driving test, which had to be passed by April 1.

Drivers of vehicles weighing more than 26,001 pounds (truck and load) must hold the new license, as well as those with more than 15 passengers.

Videotape offer

A videotape showing all of the Golden Hammer winners, with commentary, is available from *National Home Center News* for $59.99.

Inquiries should be directed to editorial assistant Diane Fristachi, 212-756-5142 (phone) or 212-756-5295 (fax).

COMMUNITY SERVICE

GTE Sylvania shines a light on reading

DANVERS, Mass. — GTE Sylvania, together with its major vendors, has launched a $1 million promotion to encourage parents to read with their children.

"America's Official Reading Time" campaign hopes to stimulate parents to read with their children from 7 to 8 p.m. every night.

The first print ads broke on Feb. 14 in USA Today, and TV spots aired during the "Today Show" on Feb 24. Public service TV spots will follow during the second quarter of the year, and retailers will then become involved at the store and community level in the fall.

Sylvania's major retailer customers each contributed $7,500 toward the campaign for POP material and consumer booklets for their stores. At present, 10 home centers have signed up according to Robert Brands, Sylvania marketing manager: Builders Square, Builders Emporium, Central Hardware, Grossman's, Handy Andy, Lowe's, NHD Stores, Payless Cashways, Pay 'N Pak and Scotty's.

Dealers offer consumers a free copy of a booklet called "How to Get Kids Excited About Reading" with a purchase of Sylvania's light bulbs. The booklet was prepared with assistance from Reading Is Fundamental (RIF), a non-profit children's literacy organization.

Weiser gives door hardware for housing

SEAL BEACH, Calif. — Weiser Lock is working on both local and national fronts to help the cause of affordable housing.

The lockset maker recently donated all necessary door hardware to complete a shelter for Shalom House, a foundation for economically disadvantaged single women and children, located near the company's new facility in Tucson, Ariz. And on the national level, Weiser, a division of Masco Corp., is donating knobs and locks to Habitat for Humanity's planned 1,800 new homes in 1992.

Employees of HomeClub help United Way

FULLERTON, Calif. — Employees at the 73 HomeClub stores and the chain's corporate office here donated a total of $175,946 to the United Way's charity coalition.

"Our team members really pulled together to demonstrate commitment to the community," said company president Jim Halpin in a prepared release.

HomeClub, which sponsors a charity drive every year, presented the pledges to the Orange County, Calif., chapter of the United Way, which will distribute the money to various non-profit organizations.

'Worst behind' Western Lumber

(Continued from page 7)
and Oceanside, Calif.

Tough economic times in Southern California and the lack of residential construction were the main reasons the company closed yards and laid off several employees, Lavoy said.

In November and December 1991, Western made what will probably be the last of its cutbacks when it let go another 30 people, he said. The company is now down to about 215 employees.

Looking back at his years at Western, Lavoy said the worst is behind the troubled chain: "We have downsized so significantly and restructured. The damage is over."

Business is still way down at the company's two retail yards, but the wholesale operation is doing much better this year than last, he said.

McMahan said he is also optimistic that 1992 will be a much better year for Western. "We're in there fighting," he said.

Co-op selects L. G. Cook program

(Continued from page 4)
L. G. Cook is a member of Distribution America, which licenses the Golden Rule merchandising and store design program.

Stroburg said the cooperative looked at a number of merchandising programs aimed at new lumberyards but selected Golden Rule because "it was not as restrictive" as others.

Pahssen and Stroburg noted that L. G. Cook had been Hamilton's main supplier for years.

Pahssen said an audit done in conjunction with the store's soft opening in February found that its prices were below those of chain competition by as much as 15 percent.

84 Lumber eyes contractor sales

(Continued from page 1)
training the new CSRs, all of whom come from 84's pool of manager trainees. The area managers conduct seminars at company headquarters on how to prepare takeoffs from blueprints, on understanding local building codes and on internal policies and procedures.

When the trainees finish their internship, they are given the option to become a store co-manager or a CSR.

The full complement of CSRs should total around 300 by June 1. CSRs will be placed in almost all 84 Lumber stores, and will focus on selling starter-home building materials packages to local construction companies.

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Circle (023) on Reader Service Card

HomeClub kicks off radio and TV ad campaign

(Continued from page 4)
on television in most of the chain's major markets, use stick figures to deliver the message that shopping at HomeClub is simple.

In 30-second spots, the stick figures show how easy it is to find help at HomeClub, how inexpensive prices are, and how they can use the installation guidebooks to complete their own projects.

This week, the company began using the same "It's that simple" theme to "scream the name change" in all markets except Seattle, said Ronald Gilmore, vp-advertising and marketing. The HomeBase commercials began running in Seattle last month, when the chain opened warehouses in Silverdale and Bellingham, he said.

The spots will be focused around the name change and then slowly evolve into "HomeBase—it's that simple."

Upcoming commercials will include ads supported by vendor dollars and grand opening announcements, Gilmore said.

In conjunction with the chainwide name change, HomeClub will also hold a scratch-and-win sweepstakes contest. Contest cards will be given to customers when they make a purchase, and they will win money off future purchases.

By filling out the tear-away portion of the scratch card, however, customers will be eligible for several prizes, including a $10,000 shopping spree, said Gilmore.

Standard Brands gets financing

(Continued from page 3)
ment firm that proposed to pour a potential $12 million into the beleaguered company. When that deal fell through, the chain decided to retain Bellini on an interim basis, said Walker.

A five-member operating committee—consisting of three outside directors, ceo Stuart Buchalter and former president Marvin Wager—will take over Bellini's position while the board of directors seeks a new executive. The outside directors on the committee are: 20-year board member Richard Loeffler; D. Patrick Curran, president of Cook Paint Co.; and Gerald Lushing, president and ceo of GML Financial, a Southern California real estate developer.

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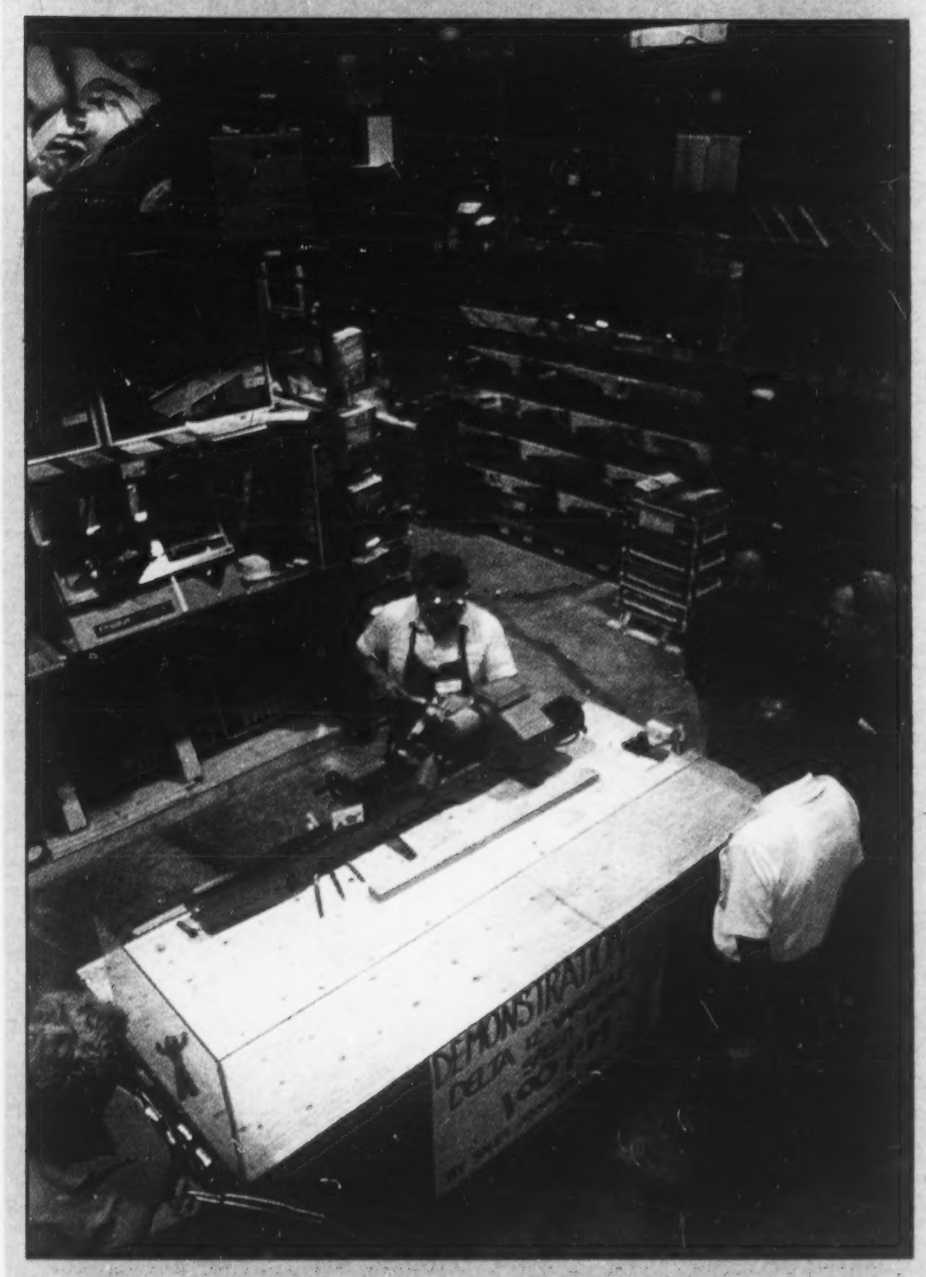
Aikenhead's opens Canada's first warehouse home center



Consumers watch a product demonstration in Aikenhead's self-contained hardware and tool department. NHCN photo

by John Caulfield

SCARBOROUGH, Ontario — Taking a page out of American retailing and rewriting it to local tastes, Aikenhead's opened its first Home Improvement Warehouse, Canada's first full-blown warehouse home center, in this suburb of Toronto on April 3.

The 138,000-square-foot unit, with a 6,800-square-foot glass-enclosed "greenhouse" and turquoise-color signage and racking, borrows liberally from many of its U.S. counterparts, in terms of product assortment and display.

But Aikenhead's, which will open two more stores this year and plans to have 10 up by 1995, has added its own twist to the warehouse concept, from innovative endcap signage that shows customers how a job is done, to the virtual elimination of peghooks.

According to its president, former Home Depot executive Steve Bebis, the company has

(Continued on page 48)

The Canadian market braces for new competition. See pages 45-52.

Fire code fire storm

Chains, paint makers oppose flammables limit

by Robyn Taylor

LOS ANGELES — An industry committee ran a series of fire tests last month to challenge the validity of a uniform fire code that could prohibit retailers and manufacturers from carrying more than 3,000 gallons of flammable liquids in their facilities.

The coalition of retailers and manufacturers—which includes representatives from Home Depot, HomeBase and Builders Square, as well as paint makers Sherwin-Williams, Smiland, Henry and Behr—conducted the tests to support its contention that 30,000 gallons could be safely stocked in stores and manufacturing plants.

The original flammable liquids code, passed in May 1991 by the Western Fire Chiefs, could cripple the industry, said William Tomes, a fire safety consultant who started the steering committee, now chaired by Bill Hamlin from Home Depot.

"This is an industry issue," said Hamlin, adding that the industry needs to band together "proactively" to bring about change and avoid expensive storage alternatives.

Hamlin said the future ramifications of the restrictive code could limit a retailer or manu-

(Continued on page 58)

Shake-up at Builders Square

Execs from Sears, Emery Waterhouse fill key posts

by Elizabeth Brent

SAN ANTONIO — The recent appointments of Emery (Bud) White and Frederick (Rick) Meiser to merchandising and marketing positions at Builders Square signal the arrival of a new order and a redivision of responsibilities at the 150-unit chain.

These two men will share the duties of Leo Corwin, who retired on Feb. 1 as Builders Square's senior vp-merchandising and advertising. They will also shoulder some of the responsibilities previously carried out by Jim Schaffer, who resigned as the chain's chief operating officer last month and whose position will not be filled.

Also departing last month was vp-marketing Mark James, who left to take up a senior vp-marketing post at Best

(Continued on page 60)

Photo courtesy of Builders Square

Rick Meiser

HWI dealer-members 'Do-it' in L&G

30-plus sign up

by John Sinisi

NATIONAL REPORT — Two-unit Kibbler Lumber Do-it Center has been selling lawn and garden products in Cincinnati for the past five years. But this year, with a little help from Hardware Wholesalers Inc. (HWI), Kibbler is turning up the heat in that department.

Kibbler, along with another 30-or-so HWI dealer-members,

(Continued on page 58)

NHCN photo

The L&G area at the Kibbler Do-it Center in Cincinnati.

SECOND CLASS

Rickel reopens its flagship store p.3
K&B Show lures more home center execs p.7
Somerville's contractor night draws 7,800 p.15

INDUSTRY STATS

Home centers, vendors strong partners

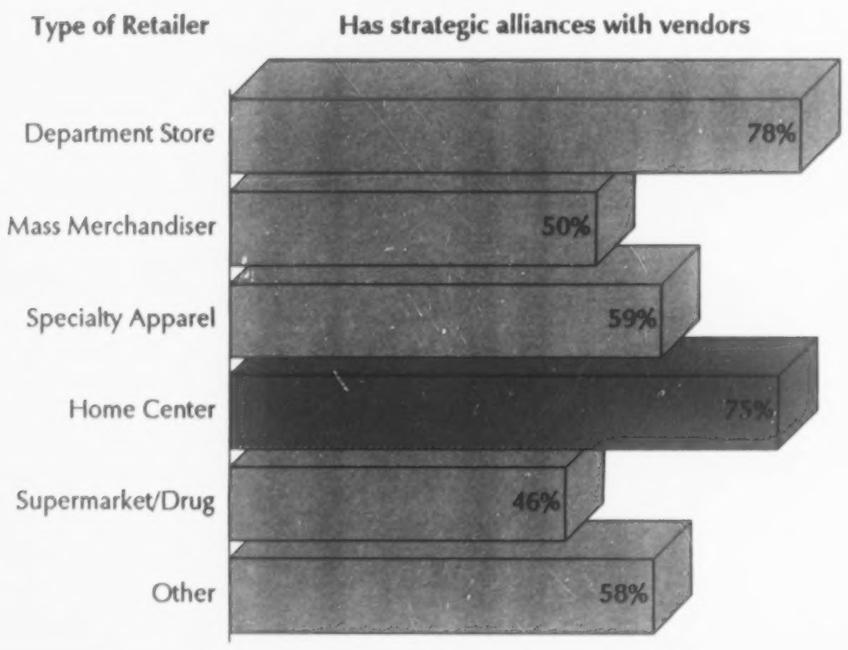
Leading-Edge Technologies Currently Being Used

Type of Retailer

	Total	Dept. Store	Mass Merch.	Specialty Apparel	Home Center	Super-market/ Drug	Other
Bar coding	66%	87%	61%	59%	63%	54%	68%
EDI (electronic data interchange)	61%	78%	61%	55%	38%	63%	63%
Scanning	58%	87%	39%	64%	38%	54%	58%
RF (radio frequency)	26%	35%	11%	5%	38%	46%	21%

Source: *Chain Store Age Executive* — *NHCN* chart

Has Your Company Established Any Strategic Alliances With Vendors?



Source: *Chain Store Age Executive* — *NHCN chart*

Home centers outdistance *most other retailer segments in forging closer ties with their supplier partners, according to a survey, published this month, of 122 retail companies conducted for* Chain Store Age Executive *by Garr Consulting Group, part of Deloitte & Touche's research arm.*

However, while that alliance is likely to include sharing sales and expansion plans, home centers still lag other dealers in the electronic exchange of that information. As the chart shows, home centers' use of leading-edge technologies is below the average, and considerably behind the implementation of those technologies—such as bar coding and EDI—by department stores.

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Beaver Lumber INSTALLED HOME RENOVATIONS
SATISFACTION GUARANTEED

NEWS BRIEFS

Two industry chiefs pay Walton homage

BENTONVILLE, Ark. — Two of the home center industry's leading executives expressed unqualified adulation for Wal-Mart founder Sam Walton, who died on April 5 at the age of 74 after a long battle with cancer.

"You hear a lot about 'merchant princes,' these days, but when I think of Sam Walton I think of a 'merchant king,' " said Robert Strickland, chairman of Lowe's Cos., whose stores in the Southeast often compete against Wal-Mart units. "He was the best of them all."

Strickland quoted columnist George Will to suggest that Walton's legacy would be that of a man who capitalized "on the growing frugality of the masses," when others were accumulating debt. But there was nothing meager about Wal-Mart, which grew from a single unit Walton opened with a $25,000 family loan in 1962 into a 1,735-unit, $44 billion retail chain that is the nation's largest.

While amassing a family fortune of $23 billion, Walton maintained an image for simplicity that extended to his headquarters, which is decidedly downscale, and his personal demeanor.

Bernie Marcus, chairman of Home Depot, recalled spending a day with Walton several years ago and concluding that, "if I had talked to the guy 25 years earlier, he probably still would have been the same. He understood who he was and wasn't impressed with himself, unlike a lot of ceos.

Photo courtesy of *Discount Store News*

Sam Walton

"There are certain people who reach a pinnacle in retailing, and Sam's one of them Marcus continued."He brought retailing to a new dimension."

Payless sales up 6.8% on eve of stock float

KANSAS CITY, Mo. — Citing warmer weather during the winter and increased sales to its targeted customer, Payless Cashways posted a 6.8 percent increase in sales for the first fiscal quarter, ended Feb. 29. The figures were released in late March.

The national, 195-store chain, which intends to become a public company this month with a new stock offering, reported sales of $470.6 million and an 8.3 percent increase in cash flow to $26.1 million during the first quarter. The gross margin for the period was 32.5 percent, up from 32.2 percent for the same period in 1991.

Payless reported an increase in its overall net loss to $29.7 million, up from $25.7 million for the same quarter last year. The loss comes from debt service on its 1988 leveraged buyout and from a $6.9 million charge for mandated accounting changes relating to post-retirement benefits other than pensions.

HomeBase gets festive for name change

FULLERTON, Calif. — HomeBase celebrated its name change last week with a weekend of festivities and a shopping spree sweepstakes.

During the two-day event, on April 11 and 12, clowns entertained children with free balloons and the first 100 customers on each day received complimentary gifts.

The chain held free how-to workshops on both days, featuring informative demonstrations and hints from HomeBase-certified experts.

During the weekend, HomeBase kicked off its "Improve Your Home Sweepstakes." Grand prizes, which will be awarded through next month, include one $10,000 and two $5,000 shopping sprees. Other prizes include three sets of Diamond kitchen cabinets worth $4,000.

In other news, HomeBase will open five stores in Chicagoland on April 25.

The stores—in Carol Stream, Calumet City, Niles, Orland Park and Rolling Meadows, Ill.—will range from 104,810 square feet in Niles to 160,986 square feet in Calumet City. They are all adjoined by 10,000- to 17,000-square-foot exterior nurseries.

COMMUNITY SERVICE

Hechinger aids elderly housing in Baltimore

BALTIMORE — A state organization for the elderly, a local home builders association and Hechinger have teamed up to help senior citizens repair their homes.

The new group, called Senior Housepitality, began its work in early March, repairing and renovating the homes of 55 senior citizens throughout this metropolitan area. Repairs are focusing on safety and security measures, energy conservation, and interior and exterior maintenance.

Hechinger, based in Landover, Md., has donated slightly over $100,000 worth of the needed lumber and building materials. Members of the Home Builders Association of Maryland are supplying the labor, and the Maryland Office on Aging is helping to select program beneficiaries.

Home Depot gets behind housing group

ATLANTA — Home Depot recently made a two-year, $200,000 contribution to Christmas in April*USA, a national, non-profit organization that mobilizes volunteers to repair and rehabilitate homes nationwide.

The nation's largest home improvement retailer has also become Christmas in April*USA's 1992 national corporate sponsor.

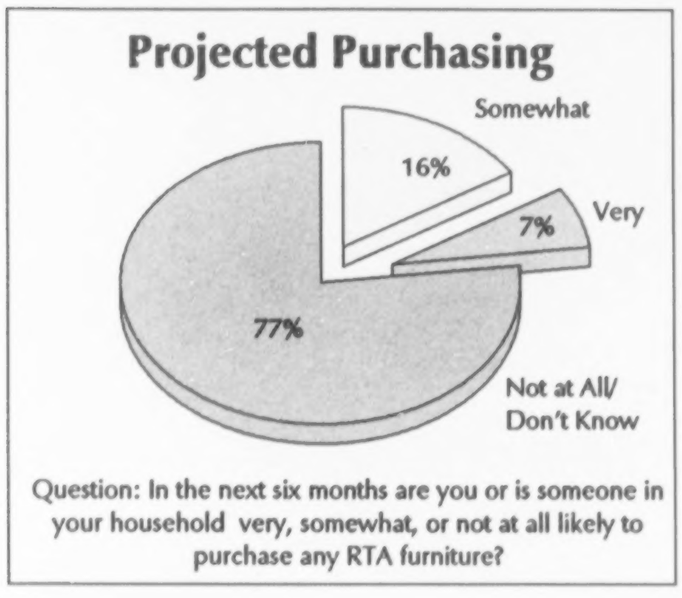
Christmas in April*USA, which provides better housing for old, disabled and low-income people, has repaired more than 8,000 homes with the help of 144,000 volunteers since 1988. The majority of houses are fixed up in an annual blitz on the last Saturday in April.

Suzanne Apple, Home Depot's director of community affairs, said the chain focuses its charitable contributions program on affordable housing and at-risk youth.

Circle (009) on Reader Service Card

Variety, promotion sell RTA furniture

Committed dealers vie with discounters in price-driven category



by Robyn Taylor

NATIONAL REPORT — Consumers planning to purchase ready-to-assemble furniture will shop primarily in discount stores, according to a national survey. But this isn't stopping some home center companies from making a statement with their selection and variety of RTA furniture.

With stiff competition from discount chains and mass merchandisers, several home centers, such as Builders Square, Pay 'N Pak and Home Depot, have scaled down the category significantly or eliminated RTA furniture from their mix.

Other home centers, however, are making a concerted effort to remain in the RTA business. They say that, to compete successfully with discounters, it is necessary to devote a significant amount of space to furniture and to promote the category constantly.

Where customers shop

According to a study conducted for *NHCN* by Fairfield Research Inc., Lincoln, Neb., 47 percent of a projectable sample of 500 consumer households interviewed by telephone in February said they plan to purchase RTA furniture at a discount store.

Another 25 percent planned to shop at a department store (Sears, Montgomery Ward, etc.) and 14 percent planned to buy the merchandise at a lumberyard or home center.

Approximately 16 million American households will purchase some type of RTA furniture in the next few months, according to the Fairfield data. The most popular products are bookcases, entertainment centers and desks.

To capture some of that business, Ernst Home & Nursery, for example, offers 50 stock-keeping units of RTA furniture in its furniture department.

Lee King, divisional merchandise manager, said that Ernst's main competitors in the Northwest are not other home centers, but rather chains like Target and Fred Meyer.

"Warehouse [home centers] are getting out of the business, and they don't make a statement [with RTA]," King said.

Ernst, on the other hand, offers several different styles of products and allots display space to the category. The 73-unit chain advertises furniture every month, King said, adding that consumers know that Ernst carries the same desks and bookshelves they can find elsewhere.

Whippany, N.J.-based Channel Home Centers and northern California's Yardbirds chain also offer a large RTA furniture assortment.

(Continued on page 36)

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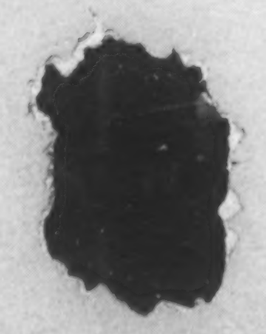

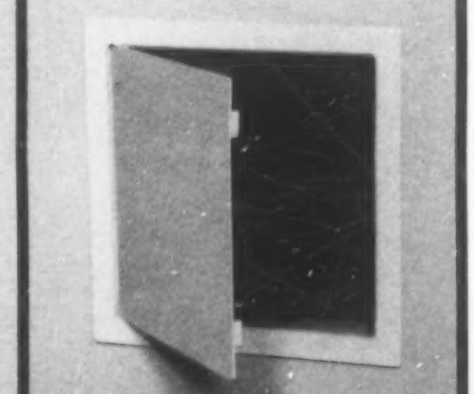

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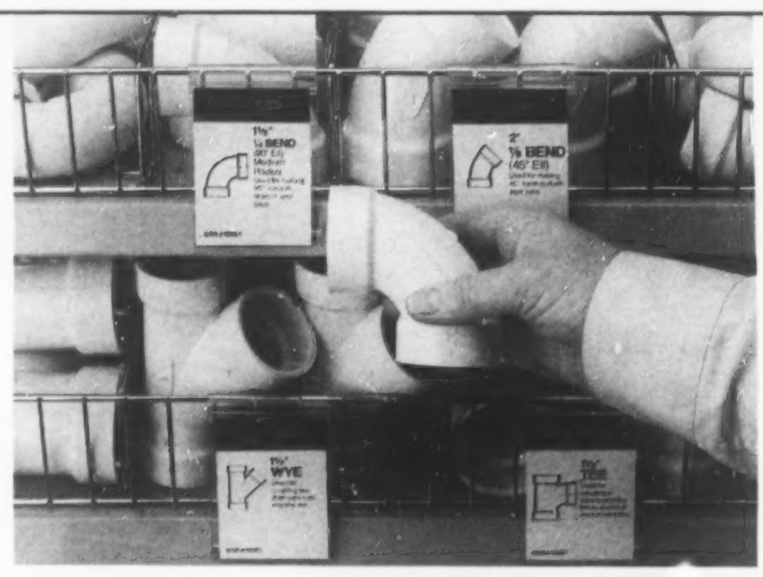

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Circle (010) on Reader Service Card

Dealers debate Canadian duty

(Continued from page 3)

ern forests," he said, referring to product coming from the former Soviet Union that has been found to be infested.

The delegates, who met here last month, aired their grievances to their representatives on March 24. Among their targets were the 66 Senators who last fall wrote to the President urging the imposition of the duty.

The vote came after a lively discussion of the tariff issue. Attorney John Ragosta represented the Coalition for Fair Lumber Imports and Mike Apsey, president and ceo of the Council of Industries in British Columbia, represented the Canadian viewpoint.

"What justification is there for penalizing home building and dealers?" asked Bill Morton, president of Home Lumber, in Hazard, Ky., addressing Ragosta. "You're going to reach in there and take advantage of an industry just coming out of a recession."

Delegates also directed the association to take a forceful stance against the duty. Following the vote, letters went out to all 23 federated associations urging them to write to Congress and the Department of Commerce, according to Gary Donnelly, executive vp of the NLBMDA.

The first of two hearings on this issue will be held by Commerce to determine whether the Canadians are subsidizing softwood production, the reason given for the duty. The second hearing, on May 2, at the International Trade Commission will examine whether Canadian practices are hurting U.S. industry.

Timber shortages weren't the only topics on the agenda of NLBMDA's conference.

Christopher Bell, an attorney for the Equal Employment Opportunity Council, encouraged attendees to overhaul their application forms and hiring processes in light of the new Americans with Disabilities Act.

Robert Redmond, manager from the Department of Transportation, spoke about the new Commercial Drivers License, and pending legislation to set new limits for blood alcohol levels and expand drug tests for truckers.

"It's good to have first-hand contact with policymakers and people informing you of existing and proposed legislation," said Bill Trudeau, president of Headley Lumber, who came from Oak Ridge, N.J., to attend the conference.

Space confines RTA assortment

(Continued from page 33)

Yardbirds' store in Vallejo, Calif., features about 40 skus of bookcases, computer desks, video carts, cabinets, tables, and several other items, said store manager Rick Brown.

Space a problem

Many dealers say they don't have enough room to carry a large assortment.

Buena Park Lumber, in Buena Park, Calif., only offers a tiny assortment of furniture because it takes up too much space in its approximately 30,000-square-foot store, already filled with a cabinet shop, large tool department and commercial supplies areas.

Nearby, All American Home Center in Downey, Calif., is planning to build up its RTA assortment. Right now, the store sells convenience items, like television carts, student desks, wardrobes and entertainment centers, said Greg Fuller, vp-merchandising.

Fuller said the company sold a full line of both RTA and assembled furniture a year and a half ago, but decided to scale down and focus on the basics. Now, All American is ready to build the RTA business back up slowly with new lines of tables.

Logging gains favor with courts

(Continued from page 3)

halting an 8-mbf timber sale from Wayne National Forest in Ohio. The southeastern Ohio forest has about 126,000 acres of timber, compared to the 47.3 million acres of federal and state timber available to be cut in Western states.

The groups—the Sierra Club and the local Citizens Council on Conservation and Environmental Control—want to abrogate a 1988 resource management plan filed by the U.S. Forest Service.

Legal mood shifts

A resource management plan sets forth, among other things, how the forest's timber will be harvested. Forest management was a key issue in the Supreme Court case.

The mood of the courts appears to be favoring the logging industry of late.

In *Idaho Conservation League v. Mumma*, the Ninth Circuit Court ruled in favor of the U.S. Forest Service's decision to eliminate environmental groups' analysis and challenges to its forest plan in the Idaho Panhandle National Forest. The ruling makes it harder for environmental groups to challenge Forest Service environmental impact statements.

The U.S. District Court for Washington dismissed a suit—*Sweet Home Chapter of Communities for a Greater Oregon v. Turner*—that challenged the Forest Service's decision to rescind guidelines pertaining to logging on private lands.

The Ninth Circuit Court, whose decision was overturned by the Supreme Court decision, thought that principles of separation of powers had been violated, according to American Forest Resource Alliance in Washington, an education and lobbying effort of the National Forest Products Association.

"The Supreme Court concluded that the legislation appropriately compelled changes in the federal law but didn't direct the outcome," said Mark Rey, executive director of the Alliance.

The Supreme Court ruling paves the way for laws which could ease timber sales restricted in spotted owl territory in the states, according to Alliance counsel Chip Murray.

Builders Emporium breaks silence

(Continued from page 7)

pleasant shopping environment and customer service.

At the end of the ads, the chain tries to entice customers with sale items.

Heun said the timing of BE's broadcast campaign has nothing to do with competitor HomeBase's new television ads, which began airing a few weeks earlier.

"We've been quiet for too long," he said.

Information on ADA abundant

(Continued from page 7)

work. The law generally applies to public building projects, Willman said, such as places open to the public and generally not to residential construction.

While rules governing public accommodations and architecture are now in force, other parts of the ADA don't kick in until July 1992 and July 1994. This July, new ADA equal employment opportunity guidelines for companies with more than 25 employees go into effect; two years later, the same laws will apply to companies with 14 to 25 employees.

To learn about compliance:

- Contractors can draw information from the Architectural and Transportation Barrier Compliance Board's specifications for the ADA, which can be ordered free, 1331 F Street N.W., Washington, D.C. 20002, or for a fee from the Home Center Institute (HCI) at 5822 W. 74th St., Indianapolis, Ind. 46278, (319) 297-1190;
- An overview and review of the Act are available in the Compliance Guide to the Americans With Disabilities Act, published by the AHMA.

The booklet is free. Contact William P. Farrell, president, AHMA, 801 N. Plaza Drive, Schaumburg, Ill. 60173-4977, (708) 605-1025;

- HCI's ADA Guide to Compliance. It is $19.95 to members, $25 to non-members ($5 shipping and handling).

Lowe's picks up pace in Charlotte

(Continued from page 7)

way 51 and Interstate 485, is set to open in July.

When Lowe's opened its first superstore two years ago in Charlotte, executive vp Wendell Emerine said that "in a market like this one, which at some point will house a [Home] Depot or a [Builders] Square, we want consumers to be able to compare and say, 'Well, they're the same size as the Lowe's that's already here.' " Emerine said.

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National
Home Center News

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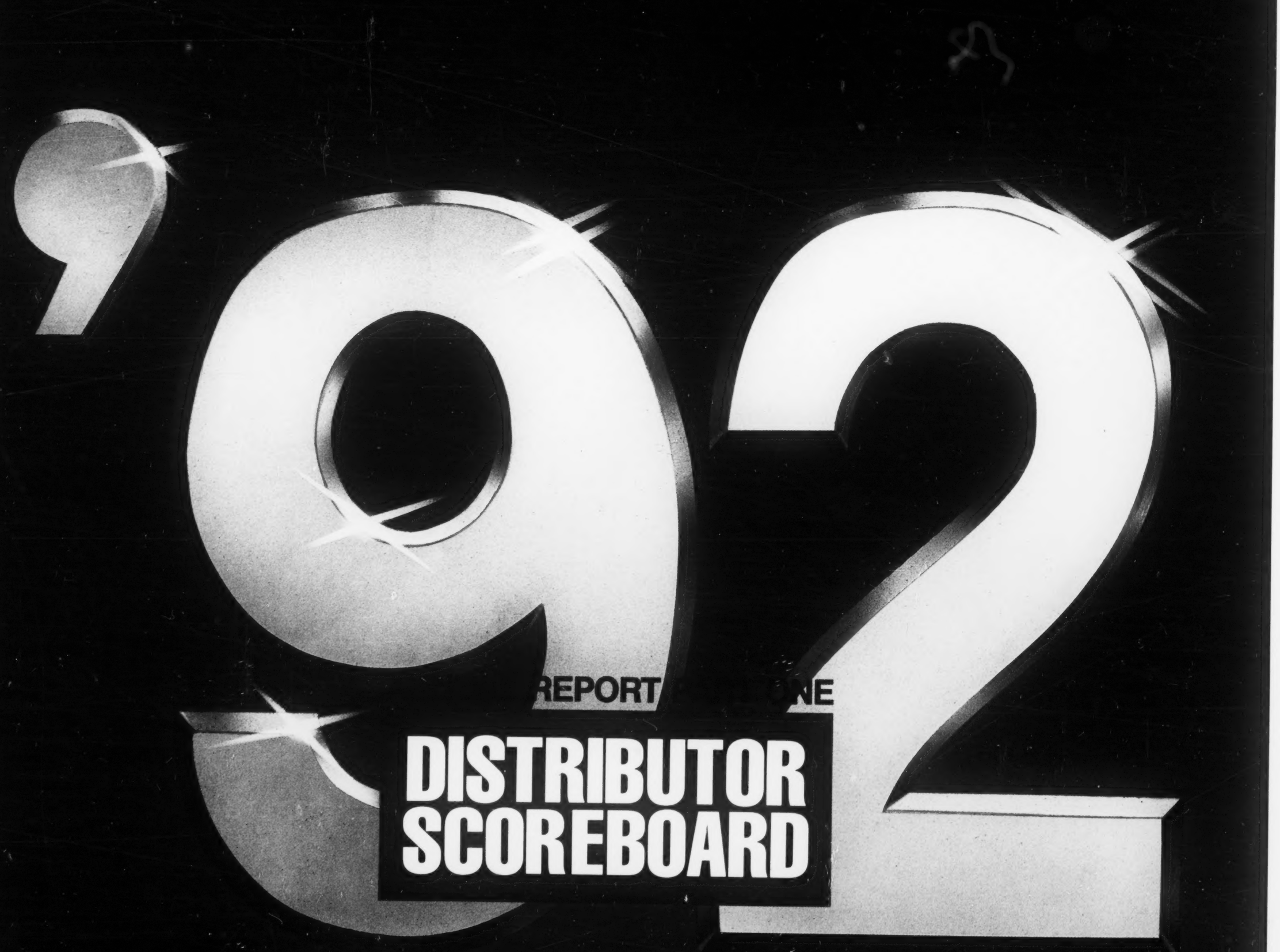
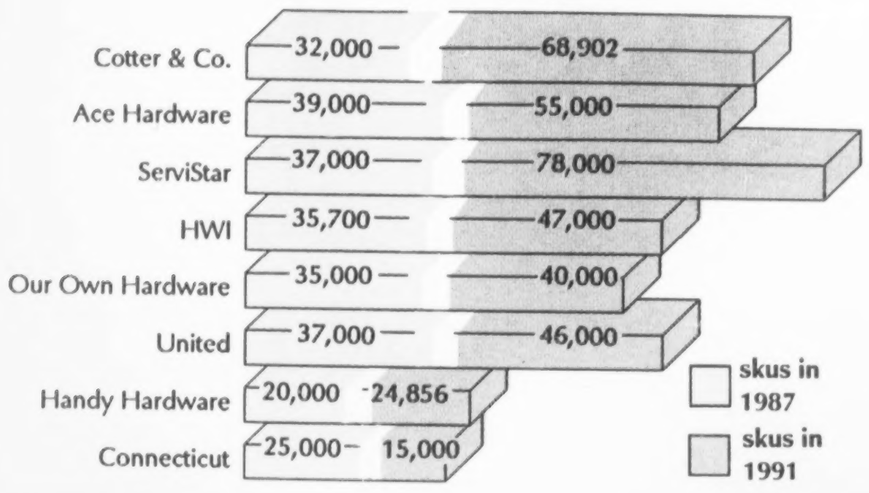


Wholesalers survive 2nd year of recession

INDUSTRY STATS

Hardlines Co-ops sku Count 1987 Versus 1991



Source: Company data

NHCN chart

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COMMUNITY SERVICE

All American hands out 22 scholarships

DOWNEY, Calif. — All-American Home Center has awarded 22 scholarships to local high school graduating seniors.

The one-unit lumberyard annually awards these scholarships based on financial need. The grants come from a pool consisting of 5 percent of its before-tax profits. An employee committee conducts an outreach program to ensure that the communities in the company's selling area are thoroughly scoured for qualifying candidates.

Habitat Canada house aided by Aikenhead's

WATERLOO, Ontario — Aikenhead's Home Improvement Warehouse Inc. has become the first corporate sponsor for Habitat for Humanities Canada.

The fledgling warehouse chain will assist the non-profit affordable housing organization with funding, building materials sourcing and awareness promotion.

Habitat for Humanity Canada is planning to build its first house in Toronto in May. Aikenhead's support for this first project will be commemorated when Habitat officially names the project Aikenhead House.

Is your company performing a community service that merits attention? National Home Center News *encourages you to write us with the details, so we can share your efforts with the rest of the industry. Send all information to John Sinisi, Associate Editor,* National Home Center News, *425 Park Avenue, New York, N.Y. 10022.*

NEWS BRIEFS

Last of the Cohens quits Central Hardware

ST. LOUIS — Jim Cohen, the fourth and last member of the founding family to run Central Hardware, resigned as president of the 38-store chain April 28. Observers said Cohen had wanted to resign for some time.

No successor has been named. Hank Kirschner, senior vp-marketing for sister chain Handy Andy, would only confirm that Cohen had resigned. *NHCN* was unable to reach Cohen for comment.

For nearly two years after Central and its sister company, distributor Witte Hardware, were purchased by a consortium led by Belgium's GIB Group in 1989, Cohen's authority remained the same.

Cohen, 45, sought an equity stake in Central Hardware after GIB bought the company, which sources knowledgeable about the Midwestern chain say he received.

Last year, however, as Central Hardware undertook a massive remodeling campaign, product buying was handled out of the Schaumburg, Ill., headquarters of Handy Andy Home Improvement Centers.

GIB, Belgium's largest retailer, also owns Handy Andy and Scotty's, the Florida-based chain.

BM dealers regain D.C. mouthpiece

WASHINGTON — After a nearly two-year hiatus, there's a full-time lobbyist working for the National Lumber and Building Material Dealers Association (NLBMDA).

In addition, a second wave of fund-raising letters is going out soon from the 9,000-member association to support the new lobbying effort.

Allynn Howe, who was to start work May 4, is a former lobbyist and political affairs manager for the United Brotherhood of Carpenters and Joiners of America, AFL-CIO.

Howe, 45, said that during his tenure he and the union "forced liberal democrats to examine their automatic support" of environmental legislation that ultimately affected lumber mills.

He left the union last October to work on Sen. Bob Kerrey's unsuccessful bid for the presidential nomination.

Gary Donnelly, executive vp of NLBMDA, praised Howe's "background with PACs, congressional and senate campaigns, article and speech writing," which made him a strong choice.

Donnelly also said the association raised $3,000 for a trust fund for lobbying activities from an initial March mailing to 1,000 people for support. He expected the association to send as many as 19,000 more requests in successive 1,000-letter waves this year.

Calif. Depot pages 'good vibrations'

SAN DIEGO — There's a whole lotta shakin' goin' on at Home Depot's Expo store here, as managers test a new vibrating pager.

These pocket-sized receivers allow the receptionist to summon the managers without using the public address system. Instead the receptionist transmits a signal that vibrates the pager.

The manager can then contact the receptionist to find out what line the call is on without disturbing the customer.

The Home Depot Expo store, which has been deemed by Home Depot its "laboratory" unit, began testing a 10-pager system on Jan. 10 initially for the store manager and his assistants, who individually may receive as many as 50 phone calls a day. The system is made by Jeron Technology, based in Pompano Beach, Fla.

Each of the 10 pagers operates in its own localized area and has a range of up to one-quarter of a mile. The central transmitter, a small metal box with a 5-inch antenna, is placed near the receptionist.

Hines' seedling giveaway touts green benefits

ITASCA, Ill. — As part of a free tree seedling giveaway to celebrate Earth Day, Edward Hines Lumber here is including information, prepared by a trade association, touting the environmental benefits of using wood.

For each of the last 20 years, the 23 Hines Lumber stores have given away 1 million two-year-old pine seedlings at the end of April. Hines distributes the Michigan-grown Scotch pine seedlings to customers making any-size purchase during the Arbor Day/Earth Day period.

This year, 10,000 of the bags with seedlings and planting dirt in them also contained an environmental information brochure on the attributes of wood.

The pamphlet, *What's the Most Environmentally Compatible Building Product in the World?*, is published by the Western Wood Products Association (WWPA), Portland, Ore. It tells how U.S. timber is a renewable resource and the best product for building.

The WWPA said other home improvement chains had ordered copies of the brochure, but did not say how many. The first 50 copies of the brochure are free and additional copies are 5 cents apiece.

Standard Brands shuts six stores

TORRANCE, Calif. — Standard Brands Paint Co. closed six unprofitable paint stores last month as part of the chain's repositioning plans.

The nation's largest paint and decorating retailer, which filed for Chapter 11 bankruptcy protection in February, closed five stores in Southern California—in Corona, Cypress, Fullerton, Norwalk and Simi Valley—and one in Phoenix.

"Each of these stores has several other Standard Brands paint stores in neighboring locations to serve our customers," said the company's new president, Richard H. Loeffler, in a news release.

Loeffler said that most of the affected employees will be transferred to other stores as the company gears up for the spring paint season.

Standard Brands is also in the process of planning up to five new Southern California store openings in areas where the chain currently has no nearby stores, he said.

DISTRIBUTOR SCOREBOARD

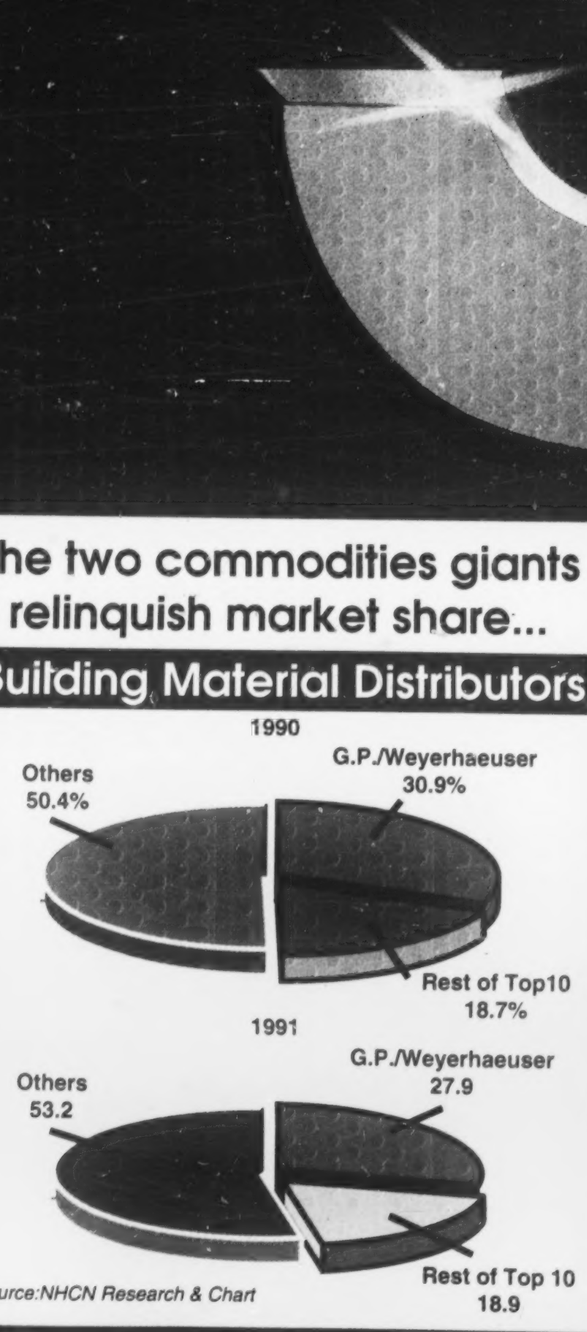
ANNUAL REPORT PART ONE

Wholesalers survive 2nd year of recession

'92

The two commodities giants relinquish market share...

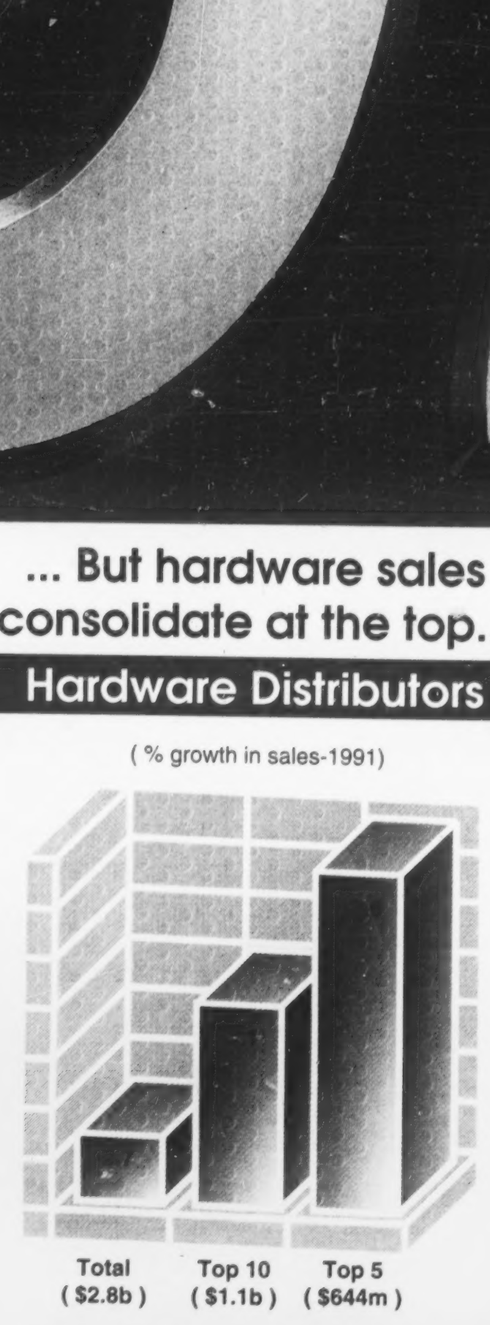
Building Material Distributors



Source:NHCN Research & Chart

... But hardware sales consolidate at the top...

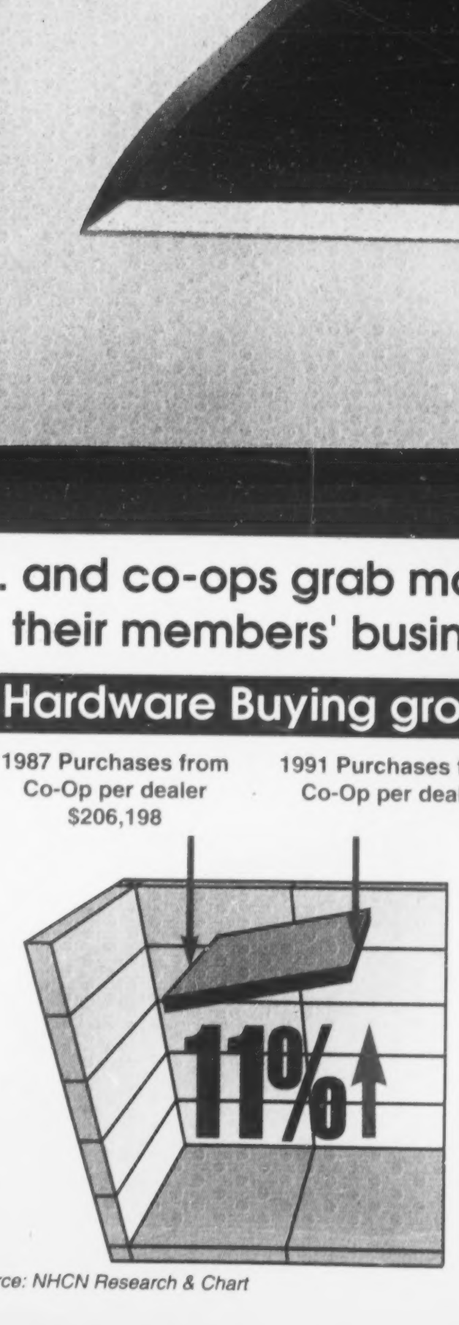
Hardware Distributors



Source:NHCN Reseam & Chart

... and co-ops grab more of their members' business

Hardware Buying groups



Source: NHCN Research & Chart

Midsize players gain in distribution arena

Quicker on their feet at servicing the dealer

by Elizabeth Brent

NATIONAL REPORT — For the second consecutive year, building material distributors, particularly the largest companies, took a big sales hit.

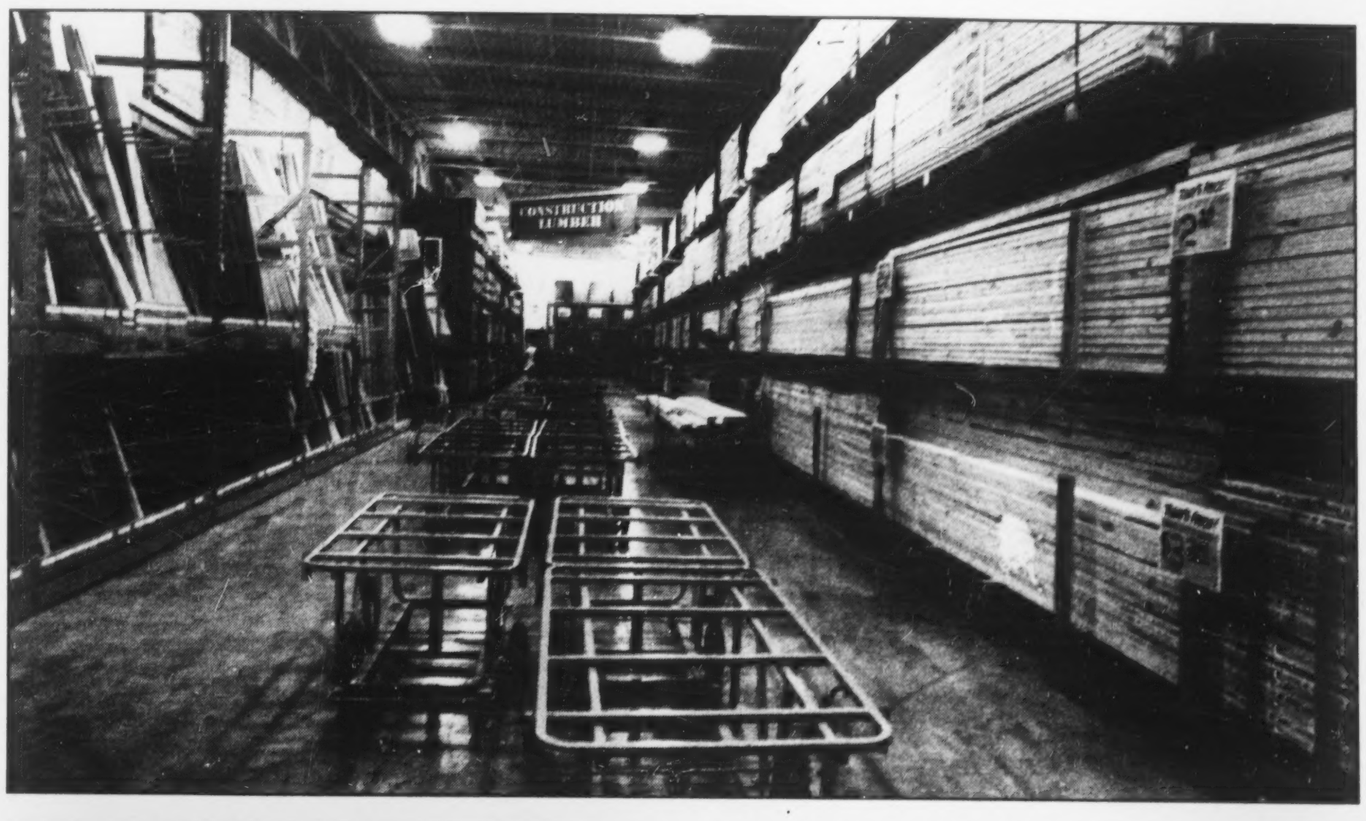
But as the giants lost market share, medium-size wholesalers benefited. They picked up new distribution centers, expanded their territories and beefed up their services to respond to a customer base that wanted faster turns from minimal inventories.

NHCN, with research assistance from the *Chain Store Guide* division of Lebhar-Friedman, has expanded its Distributor Scoreboard this year to include the top 126 building materials distributors, doing $20 million or more in volume. Collectively, they generated $18.28 billion, or 3.3 percent less than in 1990.

Distributors were hit on two fronts. Home building plummeted to its worst levels since World War II, especially in California and New England. And an erosion in consumer confidence caused retail sales to stagnate.

Building material wholesalers were also faced with a shrinking retailer base, as companies that had overleveraged themselves in the 1980s closed their doors or filed for bankruptcy.

Nearly one quarter of the top distributors recorded sales declines last year, and another one-third said their sales were flat. And given that last year's figures were inflated by escalating lumber prices, the picture may have been even bleaker than the numbers paint.



NHCN photos

***While building materials**, like lumber and masonry, remained the staples for commodities wholesalers, others had considerable success marketing specialty products like millwork.*

Georgia-Pacific was among the big losers, taking a $300 million hit as sales dropped 7 percent to $4 billion. Weyerhaeuser's sales declined 29 percent to $1.1 billion, even though the company opened four new full-service DCs last year. But in spite of their sales falloffs, these two giants still captured nearly 28 percent of the business controlled by the Scoreboard's companies.

More products, more people

For reasons that aren't entirely clear, some of the dealer-owned buying groups stopped doing business with larger distributors. BMA and IBSA, for example, stopped using G-P to distribute commodities to their dealer-members. ServiStar is now carrying more building materials in its own warehouses.

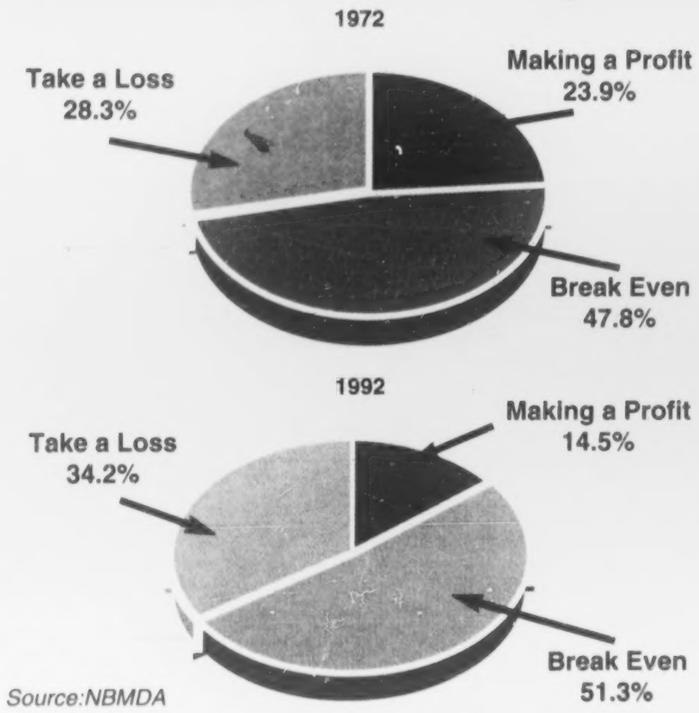
One big winner last year was Boise Cascade, whose 1990 sales rose 15.7 percent and expanded another 11.6 percent sales in 1991 to $328 million.

The Idaho-based company opened a DC in Vancouver, British Columbia, to re-enter the Oregon market. Boise also expanded its product mix to include a number of its own engineered wood products and, like other distributors, stepped up its service levels.

With more people and more trucks, Boise Cascade offered its customers more delivery options. It now runs 45 trucks, as opposed to 35 in 1990, increased its field sales staff by six to 48, and added six more in-house salespeople, according to Stan Bell, vp and general manager for Boise Cascade's building material distribution division.

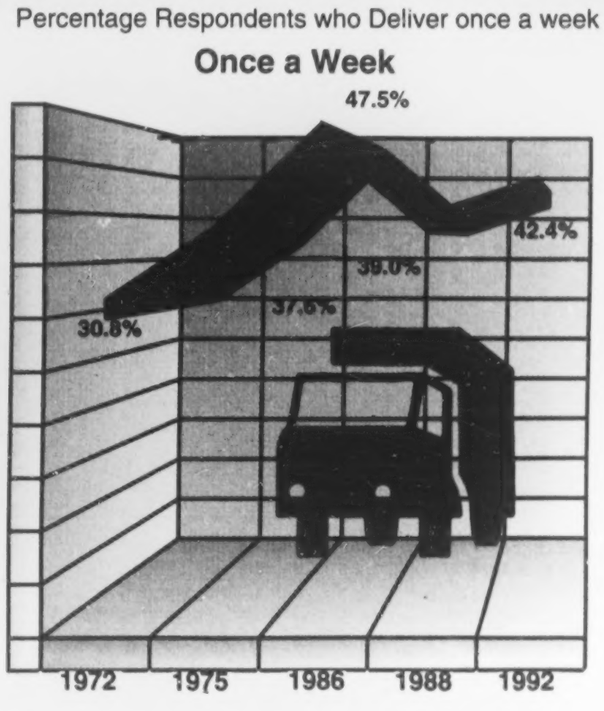
(Continued on page 33)

Who's Making a Profit



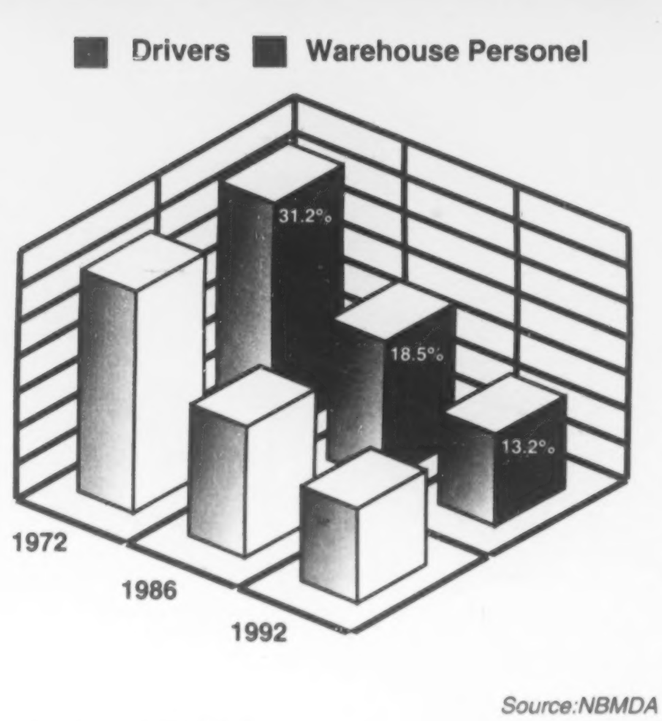
Source:NBMDA

Delivery Schedules



Source: NBMDA

Distributors Deunionize



Source:NBMDA

Reported results based on 79 responses received in late February and early March of 1992.

Small distributors prosper with niche marketing

(Continued from page 16)

The successful distributors got closer to their customer base and responded to their needs. On the East Coast, for example, Russin Lumber created five different packaging programs for lumber and pine products to help its independent home center and small chain customers "keep cash rich and inventory poor," according to Shelly Modansky, executive vp at the Montgomery, N.Y.-based distributor.

Russin Lumber boosted sales 25 percent last year to $50 million and found that its on-site remanufacturing plant provided customers with immediate service for specialized patterns, V-joints, knotty pine and log cabins.

Even in Oregon, where home building remained strong last year, Patrick Lumber added a molding plant to service its customer base better. Other regional distributors looked to add new products and negotiate exclusive distribution with customers to strengthen their market niche.

Geo. McQuesten in North Billerica, Mass., for example, handles only high-quality products, like red cedar, incense cedar, mahogany, white cedar shingles and treated yellow pine.

"We've probably done this niche marketing for 10 years, but the merit in this approach came out in these recent difficult years," said Dick Starrak, McQuesten's president.

Next year, PrimeSource, whose sales declined by 12.6 percent in 1991, will reduce its emphasis on commodity lumber products. It will take on more nails, dry wall screws, roofing, gypsum and insulation.

"We will leave the commodity lumber to other people who buy better. We are choosing the product lines we can dominate," said Scott Klein, vp-marketing at the Irvine, Calif.-based distributor.

Looking for better days

Certainly many distributors are honing what they do best. Blount Lumber in Lacona, N.Y., handles only doors for cabinets and vanities and the hardware attached to the doors. ABC Supply, in Beloit, Wis., generated 65 percent of its business last year from roofing, with the rest coming mostly from siding and window sales.

Last year, ABC increased market share by picking up five DCs from Owens-Corning and five DCs from a Canadian-owned siding company, Sauder Industries. This gave it a foothold in the Northwest market with centers in Seattle and Portland, Ore., and strengthened its California territory by adding centers in Sacramento, Oakland and Anaheim, Calif. ABC also acquired a DC in Stratford, Conn.

'We've probably done this niche marketing for 10 years, but the merit in this approach came out in these recent difficult years.'

Dick Starrak, president, McQuesten's

ABC projects a 35 percent sales increase in 1992, with plans to open at least 10 more branches, according to Ken Hendricks, ceo and president of ABC Supply.

ABC is just one company repositioning itself for further growth. Russin Lumber just invested in a new computer system that will support sales of $80 million. Lumber Products in Tualatin, Ore., just moved from a facility on three acres to a new 20-acre complex, expanded its warehouse space and added a salesperson to develop more offshore accounts.

Initially, Lumber Products will target the Hawaiian and Alaskan markets and then pursue business in Japan and Taiwan.

Patrick Lumber's offshore accounts helped it attain record sales of $150 million last year, a 63 percent increase in business. About 80 percent of these sales came from the export of green Douglas fir to accounts in Australia, Great Britain, Italy and Spain, according to Ron Yeager, vp, buyer for the Portland, Ore.-based distributor.

At home, distributors are optimistic that 1992 will bring better sales, as the Midwest and Gulf states begin to pick up. The first quarter earnings reports from Weyerhaeuser and G-P show signs of improvement, too.

Robert Waller, president of Bunzl, summed up many distributors' thoughts when he said, "I'll be thankful for any improvements in the economy in 1992."

NHCN photo

Energy-saving insulation: *still a best-seller in building materials.*

NHCN boosts census coverage

This year's Distributor Scoreboard was compiled with the assistance of Lebhar-Friedman's Tampa, Fla.-based *Chain Store Guide* division, whose researchers called all of the companies listed.

This cooperation allowed our newspaper to greatly expand our building materials listing and, for the first time, run a separate list of major specialty wholesalers that play a key role in supplying home centers around the country.

NHCN did random fact-checking of the collected data, and also did follow-up interviews with several hardlines and building materials distributors. All of the co-op and marketing group information was researched and assembled by *NHCN*'s editorial staff.

Some of our readers will notice that this year's charts include some new data. Specifically, *NHCN* attempted to define with greater clarity each distributor's product specialty. The number of field salespeople in each distributor's employ is also reported for the first time.

However, *NHCN* has decided to delete two long-standing columns—inventory carried and stockkeeping units—for two reasons: The sku count is fairly meaningless for building products distributors; and the inventory figures, while helpful in determining how well a wholesaler did last year, are often unreliable.

Companies were ranked by sales, which were rounded to the nearest million dollars. The criterion used to break ties between companies was the percentage of each company's sales generated by retail accounts.

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The Top Building Material Distributors

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chng. 1990-1991	Number of Distribution Centers 1991	Number of Distribution Centers 1990	Product Specialty (% of total sales)	% of Sales From Retail Accounts 1991	% of Sales From Retail Accounts 1990	% of Sales Drop shipped 1991	% of Sales Drop shipped 1990	Co.-Owned Trucks 1991	Number of Employees 1991	Number of Employees 1990	In-Field Sales-people 1991
1	1	**Georgia-Pacific,** Atlanta	**$4,000**	$4,300	**– 7.0**	**143**	144	LBM (100)	**80**	80	**NA**	NA	**1,200**	**4,600**	4,600	**400**
2	2	**Weyerhaeuser,** Tacoma, Wash.	**1,100**	1,550	**–29.0**	**39**	35	LBM (100)	**50**	NA	**33**	33	**NA**	**1,067**	1,000	**NA**
3	3	**Huttig Sash & Door**[1], Chesterfield, Mo.	**525**	525	**0.0**	**51**	57	LBM/Millwork (100)	**95**	95	**5**	16	**120**	**2,500**	2,000	**200**
4	5	**Canfor-Weldwood Distribution**[2], Burnaby, B.C.	**508**	509	**– 0.2**	**22**	22	LBM (70)	**100**	100	**NA**	70	**0**	**500**	550	**120**
5	4	**North Pacific Lumber,** Portland, Ore.	**500**	525	**– 4.8**	**26**	26	LBM (75)	**20**	25	**65**	NA	**10**	**360**	370	**10**
6	9	**MacMillan Bloedel Building Materials,** Alpharetta, Ga.	**400**	398	**0.5**	**21**	20	LBM (95)	**100**	42	**7**	7	0	**421**	409	**74**
7	7	**Bunzl Building Supply**[3], Deerfield, Ill.	**390**	410	**– 4.9**	**28**	34	LBM (100)	**80**	80	**NA**	NA	**NA**	**850**	950	**NA**
8	8	**Universal Forest Products,** Grand Rapids, Mich.	**387**	400	**– 3.3**	**23**	23	Lumber (100)	**50**	70	**5**	30	**82**	**2,600**	1,200	**200**
9	6	**PrimeSource,** Irvine, Calif.	**380**	435	**–12.6**	**34**	40	Lumber (60)	**95**	100	**10**	11	**150**	**750**	850	**130**
10	10	**ABC Supply,** Beloit, Wis.	**362**	342	**5.8**	**102**	92	Lumber/Roof (100)	**14**	14	**15**	17	**550**	**1,000**	1,020	**150**
11	14	**Boise Cascade,** Boise, Idaho	**328**	294	**11.6**	**10**	9	Lumber (100)	**90**	90	**40**	50	**45**	**350**	300	**48**
12	11	**Adam Wholesalers,** Cincinnati	**305**	305	**0.0**	**12**	12	Millwork (100)	**90**	100	**30**	35	**200**	**1,000**	916	**130**
13	12	**Morgan Distribution,** Mechanicsburg, Pa.	**300**	300	**0.0**	**11**	10	Lumber/Millwork (100)	**99**	100	**25**	34	**170**	**720**	787	**115**
14	13	**Allied Building Products,** East Rutherford, N.J.	**300**	300	**0.0**	**39**	36	LBM (100)	**10**	10	**20**	20	**300**	**724**	750	**100**
15	16	**Furman Lumber,** Billerica, Mass.	**272**	245	**11.0**	**9**	9	Lumber (100)	**95**	NA	**75**	32	**14**	**180**	216	**20**
16	15	**American International Forest Prods**[4] [5], Beaverton, Ore.	**270**	270	**0.0**	**1**	1	LBM (100)	**95**	95	**NA**	NA	**0**	**80**	80	**0**
17	17	**Tampa International Forest Prods**[4], Tampa, Fla.	**210**	200	**5.0**	**2**	1	Lumber (100)	**100**	100	**15**	15	**0**	**75**	NA	**0**
18	20	**Tumac Lumber Co.,** Portland, Ore.	**200**	172	**16.3**	**6**	6	Lumber (100)	**80**	80	**30**	NA	**6**	**120**	NA	**10**
19	18	**Pacific Coast Building Products Inc.,** Sacramento, Calif.	**190**	196	**– 3.1**	**30**	27	Lumber (90)	**25**	25	**10**	NA	**400**	**2,500**	2,200	**100**
20	21	**Dixie Plywood Co.*,** Savannah, Ga.	**175**	170	**2.9**	**12**	12	Plywood (100)	**70**	50	**5**	NA	**100**	**325**	325	**NA**
21	23	**Roberts & Dybdahl,** Des Moines, Iowa	**162**	160	**1.3**	**9**	11	Lumber (100)	**95**	100	**65**	35	**50**	**280**	268	**28**
22	22	**Pacific Supply**[6], Oakland, Calif.	**162**	162	**0.0**	**22**	20	Roofing (90)	**30**	20	**10**	15	**150**	**1,200**	500	**25**
23	24	**Hager Distribution,** Grand Rapids, Mich.	**160**	160	**0.0**	**9**	9	LBM (50)	**95**	95	**20**	27	**13**	**NA**	450	**15**
24	25	**Cascade Empire**[4], Lake Oswego, Ore.	**154**	151	**2.0**	**1**	0	LBM (99)	**65**	65	**NA**	NA	**NA**	**54**	60	**1**
25	28	**Buckeye Pacific Corp.**[4], Portland, Ore.	**150**	130	**15.4**	**1**	1	LBM (100)	**100**	100	**5**	5	**0**	**52**	52	**0**
26	26	**Viking Forest Products**[4], Minneapolis	**150**	150	**0.0**	**0**	0	LBM (100)	**100**	100	**100**	100	**0**	**37**	NA	**0**
27	42	**Patrick Lumber Co.,** Portland, Ore.	**150**	92	**63.0**	**1**	1	Lumber (100)	**70**	70	**10**	10	**0**	**45**	45	**0**
28	30	**Seaboard International Forest Prods**[4], Amherst, N.H.	**150**	128	**17.2**	**1**	1	LBM (100)	**50**	50	**10**	10	**0**	**40**	40	**0**
29	19	**Green Forest Lumber,** Toronto	**146**	182	**–19.8**	**4**	4	LBM (100)	**90**	95	**2**	NA	**2**	**280**	250	**5**
30	27	**Western International Forest Prods**[4], Portland, Ore.	**130**	140	**– 7.1**	**0**	1	Lumber (100)	**85**	85	**100**	NA	**0**	**80**	115	**0**
31	31	**Plywood Panels Inc.,** New Orleans	**130**	126	**3.2**	**5**	5	LBM (100)	**60**	60	**15**	15	**10**	**350**	350	**34**
32	32	**Idaho Timber,** Boise, Idaho	**130**	120	**8.3**	**8**	8	Lumber (100)	**50**	45	**30**	5	**9**	**450**	400	**0**
33	29	**Louisiana-Pacific,** Portland, Ore.	**130**	130	**0.0**	**7**	8	LBM (100)	**NA**	NA	**NA**	NA	**NA**	**NA**	140	**NA**
34	36	**Frank Paxton Lumber Co.,** Kansas City, Mo.	**120**	110	**9.1**	**12**	12	LBM (80)	**50**	50	**NA**	NA	**55**	**560**	560	**60**
35	33	**Iron City Sash & Door,** Pittsburgh	**118**	118	**0.0**	**6**	6	LBM/Millwork (100)	**100**	100	**25**	20	**48**	**300**	375	**35**
36	34	**Addison Corp.,** Atlanta	**110**	115	**– 4.3**	**12**	12	Millwork (100)	**100**	100	**17**	17	**100**	**500**	450	**55**
37	35	**Babcock Lumber,** Pittsburgh	**106**	110	**– 3.6**	**7**	10	Lumber (100)	**100**	100	**40**	10	**75**	**350**	350	**30**
38	37	**Birmingham International Forest Prods**[4], Birmingham, Ala.	**100**	100	**0.0**	**0**	0	Lumber (100)	**100**	100	**100**	100	**0**	**33**	33	**NA**
39	38	**Empire Wholesale Lumber Co.,** Akron, Ohio	**100**	100	**0.0**	**9**	9	Lumber (60)	**90**	99	**NA**	NA	**25**	**56**	54	**12**
40	39	**Orepac Building Products,** Wilsonville, Ore.	**100**	100	**0.0**	**6**	6	LBM (100)	**90**	30	**20**	15	**25**	**273**	245	**20**
41	40	**MacArthur Co.,** St. Paul, Minn.	**98**	95	**3.2**	**13**	14	Roof/Insulation (100)	**60**	60	**50**	50	**30**	**1,500**	1,500	**50**
42	43	**A.P.I. Supply,** Fridley, Minn.	**91**	90	**1.1**	**7**	7	Lumber (75)	**100**	100	**30**	50	**0**	**140**	130	**18**
43	41	**Snavely Forest Products,** Pittsburgh	**90**	92	**– 2.2**	**6**	7	Lumber (100)	**90**	90	**20**	2	**16**	**135**	195	**23**
44	45	**Hampton Lumber Sales Co.**[8], Portland, Ore.	**90**	81	**11.1**	**1**	0	Lumber (100)	**75**	75	**0**	0	**0**	**50**	37	**2**
45	53	**Seven D Wholesale,** Gallitzin, Pa.	**83**	72	**15.3**	**4**	5	LBM (85)	**85**	85	**5**	45	**25**	**400**	130	**10**
46	46	**Wm. Cameron and Co.**[9], Waco, Texas	81	81	**0.0**	**9**	17	Lumber (75)	**70**	70	**NA**	17	**115**	**225**	319	**40**
47	48	**Olympic Industries Inc.**[4], N. Vancouver, B.C.	**80**	80	**0.0**	**2**	NA	LBM (98)	**85**	85	**0**	NA	**0**	**29**	NA	**0**
48	47	**Black Millwork Co.,** Allendale, N.J.	**78**	80	**– 2.5**	**5**	5	Windows (90)	**100**	100	**40**	40	**33**	**130**	130	**12**
49	87	**A.L.L. Roofing & Building Materials,** Long Beach, Calif.	**77**	50	**54.0**	**6**	5	Lumber (100)	**100**	NA	**20**	NA	**100**	**110**	NA	**35**
50	55	**Kelleher Corp.,** San Rafael, Calif.	**75**	70	**7.1**	**5**	3	LBM/Millwork (100)	**100**	100	**NA**	NA	**12**	**137**	130	**17**
51	51	**Plunkett-Webster,** New Rochelle, N.Y.	**75**	75	**0.0**	**5**	6	Lumber (100)	**70**	70	**10**	NA	**20**	**210**	180	**28**
52	61	**Redwood Empire,** Morgan Hill, Calif.	**74**	65	**13.8**	**3**	2	Lumber (100)	**100**	100	**45**	52	**12**	**43**	65	**4**
53	57	**Empire Distributors,** Zeeland, Mich.	**72**	70	**2.9**	**1**	2	LBM/Molding (100)	**100**	100	**10**	15	**0**	**101**	150	**15**
54	56	**Sherwood Lumber,** Islandia, N.Y.	**72**	70	**2.9**	**5**	5	Lumber (100)	**100**	100	**60**	50	**0**	**20**	20	**2**
55	52	**Diamond Hill Plywood Co.,** Darlington, S.C.	**72**	73	**– 1.4**	**10**	10	LBM (50)	**70**	66	**NA**	10	**50**	**180**	260	**32**
56	54	**Futter Lumber,** Rockville Center, N.Y.	**72**	70	**2.9**	**1**	7	Lumber (100)	**100**	100	**60**	NA	**0**	**17**	18	**NA**
57	64	**Lumbermans of Grand Rapids Inc.,** Grand Rapids, Mich.	**71**	62	**14.5**	**6**	7	Lumber (80)	**100**	80	**40**	62	**14**	**150**	150	**14**
58	58	**Western Woods Inc.,** Chico, Calif.	**70**	70	**0.0**	**1**	1	LBM (100)	**90**	90	**60**	60	**3**	**30**	NA	**0**
59	49	**McEwen Lumber Co.**[10], High Point, N.C.	**70**	80	**–12.5**	**13**	16	Lumber (100)	**50**	50	**20**	NA	**60**	**350**	280	**50**
60	70	**Cedar Creek Wholesale,** Broken Arrow, Okla.	**65**	59	**10.2**	**3**	3	LBM (100)	**100**	100	**10**	8	**30**	**200**	88	**15**
61	60	**The Radford Co.,** Oshkosh, Wis.	**65**	65	**0.0**	**4**	4	LBM (100)	**100**	100	**40**	40	**35**	**220**	220	**27**
62	62	**Saxonville USA,** Sudbury, Mass.	**64**	64	**0.0**	**3**	3	Lumber (100)	**85**	85	**10**	10	**15**	**25**	25	**0**
63	69	**Prudential Metal**[11], E. Dedham, Mass.	**61**	60	**2.5**	**8**	5	Fasteners (100)	**98**	85	**2**	2	**NA**	**157**	136	**35**
64	66	**Mid-State Lumber,** Branchburg, N.J.	**60**	60	**0.0**	**3**	3	LBM (90)	**100**	100	**40**	12	**16**	**110**	52	**8**
65	65	**V.P. Winter Distributing Co.,** Taunton, Mass.	**60**	60	**0.0**	**11**	10	Lumber (100)	**100**	100	**15**	NA	**1**	**200**	200	**25**

**NHCN* sales estimate.

[1]Includes sales from PGL Building Products, Auburn, Wash. ($290 million and 11 DCs).
[2]Includes distribution in the United States and Canada.
[3]Includes sales from Bonco Building Products, Greensburg, Pa. ($58 million and four DCs) and Stanline Inc., Norwalk, Calif. ($75 million and five DCs).
[4]A subsidiary of Forest City Trading Corp., Portland, Ore.
[5]Office wholesaler using six reload centers.
[6]A wholly owned subsidiary of Pacific Coast Building Products.
[7]Percentage of sales to retail is an *NHCN* estimate.
[8]Last year's chart erroneously included revenues unrelated to distribution business.
[9]Was formerly Cameron Wholesale.
[10]A division of International Paper.
[11]The company has just purchased a distribution center in Fayetteville, N.C., from Hanson Industries. It also plans to open three more DCs in the East this year. President Robert Kolikoff said the company's profits were $3 million last year.

NHCN chart

(Continued on page 40)

The Top Building Material Distributors

(Continued from page 36)

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chng. 1990-1991	Number of Distribution Centers 1991	Number of Distribution Centers 1990	Product Specialty (% of total sales)	% of Sales From Retail Accounts 1991	% of Sales From Retail Accounts 1990	% of Sales Drop shipped 1991	% of Sales Drop shipped 1990	Co.-Owned Trucks 1991	Number of Employees 1991	Number of Employees 1990	In-Field Sales-people 1991
66	67	**Wausau Supply Co.,** Schofield, Wis.	**60**	60	**0.0**	**6**	6	Lumber (100)	**95**	95	**30**	NA	**18**	**130**	NA	**11**
67	71	**Jim White Lumber Sales,** Saginaw, Mich.	**60**	58	**3.4**	**3**	NA	LBM (100)	**75**	75	**80**	NA	**0**	**26**	NA	**2**
68	44	**Sabbeth Industries,** Deer Park, N.Y.	**60**	90	**−33.3**	**3**	7	LBM (100)	**60**	50	**10**	50	**10**	**25**	220	**1**
69	50	**Stringfellow Lumber Co.,** Birmingham, Ala.	**60**	80	**−25.0**	**3**	4	LBM (100)	**50**	40	**15**	NA	**0**	**70**	70	**5**
70	88	**Lumber Products,** Tualatin, Ore.	**60**	49	**22.4**	**5**	6	LBM (100)	**35**	35	**5**	10	**25**	**135**	130	**16**
71	85	**Hankins Lumber Sales Inc.**[12], Elliott, Miss.	**60**	50	**20.0**	**1**	0	Lumber (100)	**25**	25	**30**	30	**8**	**NA**	NA	**0**
72	72	**Schultz, Snyder & Steele Lumber,** Okemos, Mich.	**58**	57	**1.8**	**4**	5	Lumber (100)	**100**	100	**40**	21	**0**	**124**	122	**7**
73	73	**All-Coast Forest Products,** Chino Hills, Calif.	**58**	55	**5.5**	**3**	3	Lumber (100)	**95**	95	**3**	3	**34**	**135**	135	**8**
74	73	**Booker & Co.,** Tampa, Fla.	**57**	57	**0.0**	**3**	4	BM (60)	**100**	100	**40**	30	**28**	**110**	116	**24**
75	77	**Prudential Building Materials,** Miami	**55**	53	**3.8**	**4**	4	Roofing (100)	**70**	70	**25**	25	**17**	**400**	400	**6**
76	97	**Marks Forest Products,** Birmingham, Ala.	**55**	43	**27.9**	**3**	3	Lumber (100)	**70**	70	**NA**	NA	**0**	**13**	13	**0**
77	63	**Lawrence R. McCoy & Co.,** Worcester, Mass.	**55**	63	**−12.7**	**5**	2	LBM (100)	**70**	NA	**10**	NA	0	**50**	NA	**16**
78	75	**Aetna Plywood,** Arlington Heights, Ill.	**55**	55	**0.0**	**4**	4	LBM (90)	**30**	NA	**NA**	NA	**15**	**NA**	NA	**16**
79	68	**Morgan-Wightman Supply Co.,** Hazelwood, Mo.	**55**	60	**− 8.3**	**5**	5	LBM (95)	**10**	10	**NA**	NA	**20**	**190**	190	**40**
80	76	**Spartanburg Forest Products,** Spartanburg, S.C.	**54**	54	**0.0**	**2**	2	Lumber (100)	**85**	85	**NA**	NA	**NA**	**13**	122	**2**
81	79	**Goldenberg/Allied Plywood & Lumber,** Lynwood, Calif.	**52**	52	**0.0**	**2**	2	LBM (100)	**20**	10	**NA**	NA	**12**	**130**	130	**12**
82	98	**Ballie Lumber Co.,** Hamburg, N.Y.	**50**	42	**19.0**	**11**	11	Lumber (100)	**100**	100	**50**	50	**0**	**300**	300	**7**
83	81	**Wolf Distributing Co.,** York, Pa.	**50**	50	**0.0**	**5**	7	LBM (100)	**100**	100	**NA**	25	**0**	**150**	140	**23**
84	103	**Russin Lumber Corp.,** Montgomery, N.Y.	**50**	40	**25.0**	**2**	2	Lumber (100)	**100**	100	**20**	20	**13**	**85**	85	**8**
85	83	**Amerhart Ltd.,** Green Bay, Wis.	**50**	50	**0.0**	**4**	5	Lumber (65)	**92**	92	**10**	20	**20**	**100**	132	**14**
86	82	**Gilco Lumber Inc.,** Mobile, Ala.	**50**	50	**0.0**	**3**	4	Lumber (100)	**90**	95	**NA**	NA	**10**	**175**	175	**10**
87	59	**Fremont Forest Products,** Whittier, Calif.	**50**	70	**−28.6**	**1**	1	Lumber (100)	**60**	60	**30**	30	**2**	**42**	**42**	NA
88	80	**Reserve Supply Corp.,** Mineola, N.Y.	**48**	50	**− 4.0**	**2**	3	Lumber (100)	**100**	100	**60**	60	**0**	**NA**	NA	**8**
89	102	**The Palmer Donavin Manufacturing Co.,** Columbus, Ohio	**48**	42	**14.3**	**3**		Lumber (70)	**50**	NA	**20**	NA	24	**155**	NA	**18**
90	89	**Honsador Inc.,** Ewa Beach, Hawaii	**48**	48	**0.0**	**5**	3	LBM (90)	18	NA	25	NA	**22**	**128**	121	NA
91	90	**Diablo Timber,** Napa, Calif.	**45**	45	**0.0**	**1**	1	Lumber (100)	**100**	100	**70**	70	**6**	**75**	75	**0**
92	95	**Dairymans Supply Co.,** Mayfield, Ky.	**45**	43	**4.7**	**3**	3	Roofing (80)	**100**	100	**90**	90	**14**	**70**	70	**9**
93	105	**Glesby Building Materials Inc.,** Van Nuys, Calif.	**45**	40	**12.5**	**2**	2	Drywall/Roofing (90)	**100**	70	**NA**	NA	**26**	**90**	100	**7**
94	92	**Building Products Inc.,** Watertown, S.D.	**45**	45	**0.0**	**4**	4	Lumber (95)	**98**	98	**NA**	NA	**10**	**120**	120	**10**
95	78	**Building Material Distributors,** Galt, Calif.	**45**	52	**−13.5**	**6**	5	BM/Millwork (100)	**90**	90	**5**	18	**20**	**175**	195	**22**
96	84	**Canfor U.S.A. Corp.,** Meridian, Idaho	**45**	50	**−10.0**	**2**	2	Lumber (100)	**80**	80	**NA**	NA	**0**	**138**	NA	**0**
97	93	**Fessenden Hall,** Pennsauken, N.J.	**45**	45	**0.0**	**4**	3	Lumber/Cabinets (100)	**25**	25	**30**	18	**23**	**80**	150	**5**
98	86	**Vista Lumber Co.,** Escondido, Calif.	**45**	50	**−10.0**	**2**	1	LBM (90)	**15**	15	**75**	NA	**9**	70	NA	**5**
99	94	**Lane-Stanton-Vance Lumber Co.,** City of Industry, Calif.	**44**	44	**0.0**	**4**	4	LBM (100)	**35**	NA	**75**	NA	**12**	**120**	NA	**14**
100	108	**Morgan Lumber Sales Co.,** Columbus, Ohio	**44**	40	**10.0**	**3**	3	Lumber (100)	**10**	10	**NA**	NA	**50**	**100**	100	**14**
101	96	**Richmond International Forest Prods**[13], Glen Allen, Va.	**43**	43	**0.0**	**1**	1	LBM (100)	**100**	100	**NA**	NA	**0**	**20**	20	**0**
102	99	**Geo. McQuesten Co.,** North Billerica, Mass.	**43**	42	**2.4**	**5**	6	LBM (100)	**95**	95	**70**	70	**10**	**90**	90	**12**
103	109	**Mid-Am Building Supply,** Moberly, Mo.	**42**	38	**9.7**	**5**	5	Lumber (100)	**100**	90	**25**	30	**10**	**110**	100	**14**
104	100	**Dallas Wholesale Builders Supply,** Dallas	**42**	42	**0.0**	**1**	1	LBM (45)	**85**	85	**7**	NA	**13**	**90**	80	**10**
105	104	**Blount Lumber Co.,** Lacona, N.Y.	**41**	40	**2.5**	**1**	1	Doors (100)	**80**	80	**30**	30	**15**	**160**	160	**13**
106	101	**JGA Corp.,** Atlanta	**41**	42	**− 2.4**	**6**	6	BM/Roofing (95)	**60**	55	NA	40	**12**	**105**	100	**14**
107	106	**Florence Corp.,** Huntington, N.Y.	**41**	40	**2.5**	**3**	3	Lumber (90)	**60**	60	**75**	75	**20**	**120**	120	**10**
108	110	**Weekes Forest Products,** St. Paul, Minn.	**40**	38	**5.3**	**1**	1	Lumber (100)	**90**	90	**45**	50	**0**	**40**	35	**2**
109	107	**Bloch Lumber,** Chicago	**40**	40	**0.0**	**7**	5	LBM (80)	**50**	50	**45**	45	**0**	**22**	20	NA
110	111	**Klumb Lumber,** Jackson, Miss.	**38**	38	**0.0**	**3**	2	Lumber (100)	**70**	70	**5**	30	**3**	**90**	43	**10**
111	122	**Atlantic Building Products**[14], Lakeville, Mass.	**35**	25	**40.0**	**3**	2	LBM (95)	**100**	100	**40**	NA	**9**	**50**	40	**8**
112	114	**Reisen Lumber Industries,** Union, N.J.	**35**	35	**0.0**	**1**	2	LBM (87)	**40**	40	**20**	NA	**16**	**85**	96	**11**
113	115	**Arling Lumber,** Cincinnati	**34**	34	**0.0**	**2**	2	Lumber (100)	**90**	80	**10**	8	**15**	**40**	32	**4**
114	121	**East Coast Millwork,** Elkin, N.C.	**33**	26	**26.9**	**2**	2	LBM (100)	**100**	100	**15**	15	**32**	**205**	205	**22**
115	120	**A.W. Hastings and Co.,** Enfield, Conn.	**31**	26	**19.2**	**4**	4	Windows (100)	**100**	100	**50**	50	**0**	**75**	60	**25**
116	113	**Allied Plywood Corp.,** Alexandria, Va.	**30**	36	**−16.7**	**6**	5	LBM (100)	**10**	10	**5**	NA	**23**	108	**84**	**20**
117	118	**Boddington Lumber,** Colorado Springs, Colo.	**28**	28	**0.0**	**5**	5	Lumber (80)	**100**	100	**5**	5	**4**	**70**	100	**7**
118	116	**Metropolitan Lumber,** Oak Brook, Ill.	**28**	30	**− 6.7**	**1**	0	Lumber (100)	**85**	41	**NA**	NA	**0**	**14**	11	**0**
119	119	**Genesee Reserve Supply,** Rochester, N.Y.	**27**	27	**0.0**	**1**	1	LBM (90)	**100**	100	**40**	40	**3**	**28**	31	**1**
120	125	**United Plywoods Corp.,** Birmingham, Ala.	**27**	23	**17.4**	**3**	3	LBM (100)	**60**	60	**15**	10	**25**	**68**	70	**10**
121	123	**Fischer Building Materials Cos.,** Memphis, Tenn.	**26**	25	**4.0**	**2**	NA	Lumber (98)	**60**	60	**30**	NA	28	**170**	NA	14
122	124	**Clay Ingles,** Lexington, Ky.	**25**	25	**0.0**	**2**	2	LBM (95)	**15**	15	**5**	5	**12**	**50**	100	**4**
123	127	**Wheeler Consolidated,** West Des Moines, Iowa	**21**	21	**0.0**	**1**	2	LBM (100)	**100**	100	**65**	40	**10**	**200**	NA	**2**
124	112	**H.M. Stauffer & Sons,** Leola, Pa.	**21**	38	**−44.7**	**1**	2	Lumber (100)	**65**	65	**40**	NA	**10**	**170**	200	**9**
125	117	**Hearin Forest Industries**[15], Portland, Ore.	**20**	30	**−33.3**	**1**	0	LBM (100)	**30**	30	**NA**	**90**	**0**	7	40	**0**
126	126	**Holt & Bugbee,** Tewksbury, Mass.	**20**	22	**− 9.1**	**1**	1	LBM (100)	**25**	25	**NA**	NA	**5**	**60**	105	**6**
		Totals	**$18,284**	$18,910	**− 3.3**	**1,067**	1,072						**5,219**	**36,407**	33,092	**3,157**
		Averages	**145**	150	**1.9**	8.5	**8.8**		**74.5**	74.4	**30.7**	31.4	**43.5**	**305.9**	303.6	**27.0**

[12]Company is an office wholesaler.
[13]A subsidiary of Forest City Trading Corp., Portland, Ore.
[14]Was formerly Barnstable County Supply.
[15]Company has split into Hearin Forest Industries and Hearin Forest Products, the latter doing approximately $10 million in sales.

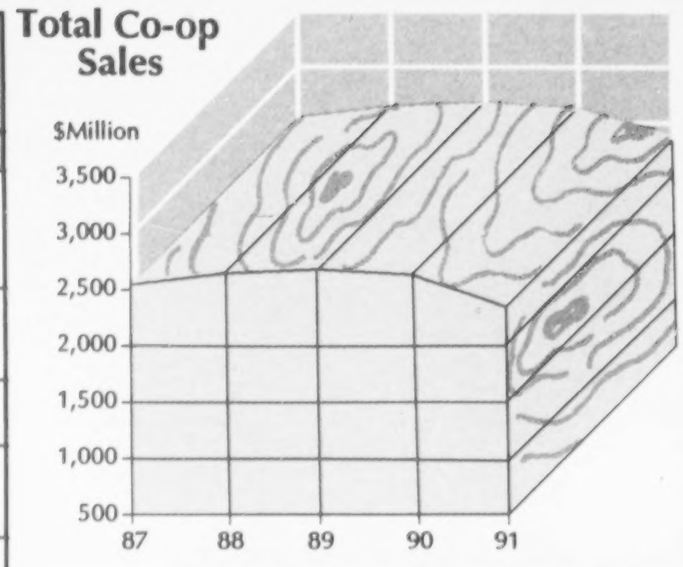
NHCN chart

BM buying groups reposition for new growth

Rank 1991	Rank 1990	Company	Sales ($ Mil.) 1991	Sales ($ Mil.) 1990	% Chng. 91-90	LBM as % of Sales 1991	LBM as % of Sales 1990	Dealer/ Members (Store Ct.) 1991	Dealer/ Members (Store Ct.) 1990	Percent of Sales From Home Centers 1991	Percent of Sales From Home Centers 1990	Employees 1991	Employees 1990
1	1	**Lumbermen's Merchandising Corp.[1],** Wayne, Pa.	**$ 884**	$1,056	**−16.3**	**85**	85	**270**	270	**45**	45	**166**	166
2	2	**Builder Marts of America,*** Greenville, S.C.	**334**	380	**−12.1**	**80**	80	**900**	900	**90**	90	**152**	155
3	3	**Central Builders Supply,** Sturgis, Mich.	**325**	317	**2.5**	**100**	100	**500**	545	**20**	30	**43**	48
4	5	**Progressive Affiliated Lumbermen,** Grand Rapids, Mich.	**202**	192	**5.2**	**59**	100	**257**	235	**100**	100	**24**	21
5	6	**Allied Building Stores,** Monroe, La.	**198**	183	**8.2**	**80**	80	**160**	158	**80**	50	**53**	55
6	4	**ENAP,** New Windsor, N.Y.	**190**	204	**− 6.9**	**100**	100	**120**	118	**85**	85	**46**	53
7	7	**Philadelphia Reserve Supply,** Croydon, Pa.	**66**	122	**−45.9**	**100**	90	**170**	184	**50**	30	**32**	35
8	8	**Independent Builders Supply Association,** Smithfield, N.C.	**66**	98	**−32.7**	**85**	85	**117**	115	**70**	70	**11**	11
		Totals	**2,265**	2,552				**2,494**	2,525	**540**	500	**527**	544
		Averages	**283.1**	319.0	**−12.2**	**86.1**	90.0	**312**	316	**67.5**	62.5	**66**	68

The average percent change represents the average of each company's percentage gain or decline.
[1]1991 sales and number of dealer-members are *NHCN* estimates.
**NHCN* estimate

NHCN chart



Sales % Change 1987-1991	
LMC	− 3.9
BMA	−33.2
CBS	29.0
PAL	24.7
Allied	43.5
ENAP	−20.5
Presco	−58.8
IBSA	−25.8

Company	Sales 1991 ($mil.)	Purch. From Dealer 1991 $	Sales 1987 ($mil.)	Purch. From Dealer 1987 $	Purch. From Dealer % Change 1987-1991
LMC	884	3,274,074	920	3,407,400	-3.9
BMA	334	371,111	500	270,270	37.3
CBS	325	650,000	252	480,000	35.4
PAL	202	785,992	162	750,000	4.8
Allied	198	1,237,500	138	862,500	43.5
ENAP	190	1,583,333	239	1,648,276	− 3.9
Presco	66	388,235	160	846,561	− 54.1
IBSA	66	564,103	89	890,000	− 36.6
Totals	2,265	908,180	2,460	1,374,302	-3.4
Averages	283.1	1,106,794	307.5	1,084,335	2.1

NHCN chart

LMC sales feel the drag of N.E. recession

WAYNE, Pa. — The economy played havoc with the industry's largest commodities broker last year.

After boosting sales 2.7 percent in 1990—a year when other East Coast lumber and building materials brokers experienced sales declines of as much as 21 percent—Lumbermen's Merchandising Corp. (LMC) was finally hit by the recession.

For the year ended Sept. 30, LMC's sales fell 16 percent to $884 million.

However, its dealer-membership grew by six members last year to a total of 270 members operating about 600 yards, according to a source close to LMC.

This source believes LMC's heavy concentration of dealers in the Northeast, where building demand effectively dried up during the recession, accounted for much of its sales decline.

And, this source continued, because sales to dealers are down and they are buying less from LMC, their rebates (some of which are paid out in the form of preferred and common stock) have declined, causing LMC's net worth to fall by $381,140.

These two components equate to LMC's equity or the amount of purchases made from LMC.

Last year was the first full year for LMC's new president and ceo, Anthony DeCarlo. DeCarlo joined LMC in 1977 and was senior vp of the building materials division before taking over for William Van Lanen, who retired.

Like the other brokers, LMC's challenge in the next year will be to meet and beat prices being offered by buying groups such as Ace Hardware, Hardware Wholesalers Inc., Cotter & Co. and ServiStar Corp.

The larger co-ops have stolen business from LMC because they offer dealers long dating periods on lumber and commodities, which brokers traditionally have not.

BMA foresees growth with new programs

GREENVILLE, S.C. — Although Builder Marts of America (BMA) reported a sales decline in 1991, its president, Brian MacKenzie, is confident that the employee-owned dealer services group now has strong programs in place that can effect a turnaround.

This year, he projects sales increases of between 30 and 35 percent, with a further 25 percent gain in 1993.

Over the last two years, BMA has developed a marketing strategy to get closer to its customer base. Last year, business with its top 100 customers increased 26 percent, according to MacKenzie.

"In order for the independent lumber and building material dealers to survive and prosper, they have to change the way they do business," he said. "We are now sharing in the mechanics of their business, looking at what kinds of products are stocked, the level of pricing."

As part of this new approach, the company opened two DCs and five reload centers to improve lead times. Dealers in northern California, for example, wanting to buy in less-than-truckload quantities can now do so from the DC there. In addition, a separate DC in Idaho handles millwork items exclusively. The DCs and reload center currently handle between 10 and 15 percent of BMA's total product mix.

BMA also experimented with regional buying shows for the first time last year.

"Given the economic climate, we thought we could get closer to where the customers do business," said MacKenzie. "And then they could bring along their employees."

It held three such shows in the fall, in Reno, Nev., Dallas and Boston, in addition to its national spring buying show. In spite of the good turnout and sales, BMA decided to return to one national show this year, to be held in Nashville, Tenn., in August, as vendors "were getting showed-out," according to MacKenzie.

In another development, BMA settled its suit with nine former employees through the U.S. District Court last October. The suit stemmed from a compensation amendment in 1988 changing the way stock was valued and payouts made to participating employees who left or were terminated.

The nine employees received between $300,000 and $600,000 less than anticipated, according to William Kehl, an attorney and ESOP administrator of the BMA plan. Kehl is with the law firm Wyche, Burgess, Freeman and Parham.

Mackenzie hailed the settlement as "removing the blemish" from BMA's reputation.

CBS benefits from well-laid plans in '91

STURGIS, Mich. — Central Builders Supply's modest increase in sales pleased its president, Bret Pobanz, especially in a year that began with what looked to be a major war and ended in recession.

Pobanz said that 1991 was a year in which many of CBS' previously established programs came to fruition.

For example, the commodities broker's electronic buying show was such a big hit in 1990 that last year CBS split it into three separate events. The buying group had a lumber show in May, and a commodities and separate hardlines show in August. All three events yielded good participation, Pobanz said, and the group expects to run the show the same way this year.

Last year, CBS stepped up contract-loads, and was able to get dealer commitments for considerably more product, according to Pobanz. CBS has finally reached the point in 1992 at which its lumber contract positions are filled for the entire year prior to January.

One program that did not pan out for CBS was its proposed strategic alliance with Sentry Hardware Corp., which is now part of Distribution America.

"We looked at Sentry at the beginning of last year and, when they took another direction, we decided we wouldn't pursue it," said Pobanz, alluding to Sentry's merger with Liberty Distributors.

PAL continues to beat the economic odds

GRAND RAPIDS, Mich. — In its typically low-key style, Progressive Affiliated Lumbermen (PAL) continues to

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beat the economic odds and grow sales as well as its member complement.

The lumber buying group, based here, secured an additional 31 lumberyards as members in 1991—not as strong as 1990's 44-member expansion but still a significant swelling of its ranks, said president Bill Danzig.

The continued expansion is thanks largely to the efforts of Duke Boogaard, the full-time recruiter that PAL hired late in 1990. Danzig praised Boogaard and his staff for doggedly "thumping the bushes" for potential customers and for accommodating existing members in order to avoid attrition.

Sales improved 5 percent, no mean feat considering the ever-rising price of lumber and lower general demand for building materials applied to new construction. PAL prudently advised its members to buy into the lumber market earlier than ever. A number of its members took heed and bought deep in November and December of 1990; the rest took a bit of a hit, according to Danzig.

In 1992, expect more of the same, the PAL president said. He believes the role that PAL and its competitors play in the industry is as vital as ever, despite the growing interest among hardlines co-ops in building materials.

The True Values and HWIs of the world are getting good at running lumber and building materials programs, Danzig said, "but they're not quite there yet in terms of really being able to compete with a dedicated lumber buying group."

Allied rides resurgence in Southwest

MONROE, La. — Allied Building Stores increased its sales 8.2 percent in 1991 to $198 million. And last year's sales increase only perpetuated the rising sales pattern that this co-op has experienced in the past few years.

In 1990, sales of $183 million were up 2.8 percent from 1989's $176 million.

Vice president Bob Carson attributed last year's increase to the resurgence of business in the Southwest, where several of the buying group's members are located. Allied also signed two new dealers, both located in that region of the country.

Carson said the company continued to increase its use of cross-docking, with 86 percent of its sales being derived from drop shipments.

Allied only stocks an average of $1.8 million in inventory in its warehouses. As a result, dealer-members are able to receive small quantities of merchandise in direct shipments.

The buying group—which opened two new warehouses in 1990, in Tennessee and Texas—has no significant new programs or expansion plans in mind for this year, according to Carson. But he did say that the company has a positive outlook for 1992. "We're just trying to do everything better," he said.

ENAP cost efficiencies boost profits

NEW WINDSOR, N.Y. — Sales for ENAP, the Northeast distributor whose names means Everyone Needs A Profit, declined nearly 7 percent last year to $190 million.

"We became more profitable even though sales are down," said Mike Guinan, controller.

He explained that the company achieved a number of cost efficiencies. It pared down employees from 53 to 42, took out

(Continued on page 46)

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(Continued from page 43)
favorable bank loans and minimized its bad-debt ratio.

ENAP projects a modest increase in sales of around 5 percent in 1992 to about $200 million, according to Guinan. The group will probably add a salesperson to expand its market farther south, from Virginia into the Carolinas and Georgia.

The bulk of its dealer-members are located in the Northeast, where the recession has hit the hardest and where problems with the banking industry remain unresolved.

In spite of these hardships, the group boosted membership to 120 members last year. It lost two dealers and added four.

The buying group continues to handle building materials and specializes in wood and roofing products. Although lumber prices rose in the first quarter of 1992, ENAP was able to get supplies and has not had to switch to new sources.

About 85 percent of its business continues to come from home centers. "We're looking for a good year, and are slowly getting out of the recession. The first quarter was a good one," said Guinan.

Presco shows pluck despite sales plunge

CROYDEN, Pa. — Philadelphia Reserve Supply (Presco) saw its sales for 1991 fall by $56 million to $66 million.

But that drop wasn't as cut-and-dried as it might appear. Charles Gormley, the company's controller, explained that Presco in November 1990 dropped one of its major commodities suppliers because it was unprofitable. This supplier's products, however, had generated $40 million in sales, which disappeared.

Without that business being factored into the company's performance, Presco's revenues in 1990 would have fallen to $82 million from $122 million in 1989. So the 1991 decline to $66 million represented a 19.5 percent drop from the previous year.

Presco's membership in 1991 fell to 170 dealers from 184. Some of the members went out of business and, in other cases, the co-op chose to drop dealers who were not paying bills on time, Gormley said.

But despite tough economic times, Presco is positioning itself for the future. The co-op installed a new Digital computer system last year to replace its former IBM system.

And this year is off to a great start. Through the end of March, Presco had sales of $23 million, $4 million more than the company expected.

IBSA income unaffected by sales decline

SMITHFIELD, N.C. — Independent Builders Supply Association, the commodities broker here, saw its sales decline by one-third in 1991 after the group discontinued a warehouse program with one of the industry's leading distributors.

During last year, IBSA members were no longer able to buy building products through Georgia-Pacific's network of distribution centers, whose own revenues last year dropped $300 million to $4 billion.

However, while the co-op's sales from its 117 dealer-members declined, "it didn't affect our profits," said Robert Matthews, IBSA's executive vp.

Matthews said that business in the first three months of 1992 had "picked up a bit," as the company is anticipating a stronger year this year.

But IBSA doesn't have any radical changes planned to increase revenues. "We're concentrating on holding down costs, which we've been doing for the last few years," said Matthews.

Like other commodities brokers, IBSA operates no warehouse facilities, and employs a small staff of 11.

Circle (015) on Reader Service Card

Hard times hamper hardlines wholesalers

Those that prosper pick up accounts of those that don't

by John Sinisi

NATIONAL REPORT — The kindest thing Ray Thomas could say about 1991 was that it was over.

Thomas, the president of Frederick Trading and a 47-year veteran of the hardlines wholesale business, said he has never seen business as bad as it was in 1991. Times were so tough that he was forced at the start of this year to lay off a few people.

"We're of the theory that we can't sell for any more than we already charge, and we can't buy for any less than we pay, which leaves lowering the cost of operations as the quickest way to shore up earnings," the chief executive said.

Thomas' Frederick, Md.-based company suffered a sales decline of around 2 percent and a drain on profits in 1991. His comments about last year were shared by many hardlines wholesalers, as the industry's sales were flat and profits, they said, were way down.

Only 10 of the companies in this year's *NHCN* Hardlines Distributor Scoreboard managed to increase their sales by more than 10 percent. By contrast, seven companies reported their revenues declined by more than 10 percent.

Just as in 1990, the hardware wholesale business last year was in a lean, mean, scavenger mode. Squeezed increasingly by warehouse chains and nationwide chains, as well as by the growing sophistication of the hardlines co-ops, hardlines distributors continue to look for new business, usually at the expense of a competitor.

Picking up the pieces

Many of those who made money in 1991 picked up accounts from those who went out of business. The demise of General Hardware and George Worthington Co., as well as smaller concerns like Budrow & Co., broadened coverage for firms such as Bostwick-Braun, RKB Enterprises, Kruse Hardware and, by *NHCN*'s estimation, Orgill Brothers.

"We hired 22 salespeople from Worthington and expanded our coverage into four more states," said Kruse Hardware's president, Joe Heinrich. Kruse's Worthington windfall fetched 400 new retail accounts in new territories of Michigan, Pennsylvania, West Virginia and New York.

Other wholesalers benefited from being swallowed up by larger concerns. One of the big gainers, Witte Hardware, improved by over 55 percent. Some of that is attributable to the acquisition of Witte and its sister company, Central Hardware, by Handy Andy Home Improvement Centers, although Witte's president Neal Marglous insisted that his company's sales growth went beyond simply picking up Handy Andy's business.

But growth through acquisition was not a panacea. S&T Wholesale Hardware, for example, improved its sales by only a little over 7 percent, through added business from its new parent, the Our Own Hardware co-op.

Hardlines—paint, hardware, tools—*are being given more space by dealers, but wholesalers last year struggled with the economy, and found growth only through market attrition.* NHCN photos

Hold on to what you've got

Aside from growth through attrition or acquisition, the best any wholesaler could hope to achieve was to get out of last year with what they had going in.

"It was simply a very tough year, due to the war and recession," said Moore-Handley chairman William Riley. His company reported a loss last year on sales that were up just 7.1 percent.

That distributor's straightforward agenda for 1991 was to keep costs in line and continue to provide as high a level of service as possible. In some cases, that meant deliberately dropping accounts that failed to provide sufficiently high profits in order to tend to more lucrative clients.

The cold economic climate forced Frederick Trading's Thomas at the start of 1992 to make some moves that he admitted he should have made in 1991. Frederick had to lay off three distribution center middle managers and eight people from the headquarters staff.

Future investment

Over the longer term, Thomas is making some constructive changes. For one, the company added 10 trucks to its fleet after an aggressive new-accounts drive yielded fresh business in Pittsburgh and the Mid-Atlantic states.

And after visiting Cotter & Co.'s new distribution center in Corsicana, Texas, Thomas also decided to make a $1.6 million investment in electronic data interchange (EDI) and other automation upgrades to streamline Frederick's DC. The company expects to recoup that investment by mid-1995.

In the Northwest, Morse Hardware president Bud Pritchard put into place a five-year plan that is simpler and costs less than Frederick's: try to deal only with accounts that will probably be around in five years. But finding those customers is easier said than done, Pritchard agreed.

For the balance of hardlines wholesalers, 1991 served as a wake-up call: a painful reminder that distributors need to continue to invest in fresher services and quicker and more dependable delivery. To do any less virtually guarantees that a company's assets will become so much food for the rest of a very hungry industry.

The Top Full-Line Hardlines Distributors

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chg. 1990-1991	Number of Distribution Centers 1991	Number of Distribution Centers 1990	Product Specialty (% of Total Sales)	% of Sales From Retail Accounts 1991	% of Sales From Retail Accounts 1990	% of Sales Drop Shipped 1991	% of Sales Drop Shipped 1990	Co.-Owned Trucks 1991	Number of Employees 1991	Number of Employees 1990	In-Field Sales-people 1991	1991 Buying Group Affiliation
1	1	**Orgill Brothers***, Memphis, Tenn.	**150**	138	**8.7**	7	7	Hardlines (80)	**100**	100	**20**	NA	**100**	**600**	550	**160**	DA
2	7	**Witte Hardware Corp.**, St. Louis	**144**	92	**56.5**	2	1	Tools (37)	**100**	100	**17**	19	**0**	**420**	325	**22**	DA
3	2	**California Hardware,** City of Industry, Calif.	**125**	115	**8.7**	2	1	Hardlines (94)	**80**	80	**25**	25	**35**	**300**	300	**65**	DA
4	3	**Moore-Handley,** Birmingham, Ala.	**120**	112	**7.1**	3	1	Hardlines (100)	**100**	100	**10**	26	**NA**	**431**	435	**NA**	Pro
5	4	**L.G. Cook Distributing,** Grand Rapids, Mich.	**105**	110	**– 4.5**	1	1	Hardware/Paint (40)	**100**	100	**10**	7	**35**	**250**	270	**50**	DA
6	6	**Alltrade Inc.**, City of Commerce, Calif.	**100**	100	**0.0**	2	2	Electricals (60)	**100**	100	**5**	NA	**0**	**75**	75	**0**	
7	5	**C. Itoh Building Products Co.,** Elmsford, N.Y.	**100**	100	**0.0**	10	8	Metal Products (100)	**100**	100	**30**	10	**10**	**180**	120	**38**	
8	8	**Emery-Waterhouse,** Portland, Maine	**85**	91	**– 6.6**	1	1	Hardlines (100)	**100**	100	**15**	21	**0**	**300**	313	**30**	DA
9	9	**Crescent & Spraque Supply Co.,** Marietta, Ohio	**85**	82	**3.7**	1	1	Electricals (65)	**10**	10	**15**	NA	**7**	**47**	NA	**7**	Allied
10	10	**Jensen-Byrd Co.**[1], Spokane, Wash.	**83**	75	**10.7**	1	1	Hardware/Tools (50)	**100**	100	**12**	8	**8**	**250**	300	**22**	DA
11	13	**Monroe Hardware Co.,** Monroe, N.C.	**71**	71	**0.0**	3	3	Hardware/Tools (75)	**100**	100	**1**	1	**NA**	**350**	375	**NA**	DA
12	14	**Commerce Distributors,** Linthicum Heights, Md.	**70**	69	**1.4**	2	1	L&G (75)	**100**	100	**30**	NA	**0**	**175**	NA	**40**	Gro
13	11	**Masback Hardware,** North Bergen, N.J.	**70**	75	**– 6.7**	3	2	Hardware/Tools (75)	**90**	90	**8**	6	**NA**	**285**	300	**NA**	DA
14	12	**Decatur Hopkins*,** Taunton, Mass.	**65**	75	**–13.3**	1	1	Tools/Electricals (50)	**50**	50	**NA**	0	**18**	**200**	200	**25**	
15	15	**Frederick Trading,** Frederick, Md.	**62**	63	**– 1.6**	1	1	Tools (67)	**87**	87	**13**	13	**52**	**360**	370	**47**	DA
16	16	**RKB Enterprises,** Elmira, N.Y.	**60**	60	**0.0**	1	1	Hardware/Tools (28)	**95**	95	**5**	13	**20**	**210**	305	**39**	Pro
17	17	**Bacar Inc.,** San José, Calif.	**54**	54	**0.0**	1	1	Electricals (92)	**100**	100	**2**	4	**4**	**330**	330	**65**	
18	18	**House-Hasson Hardware,** Knoxville, Tenn.	**52**	50	**4.0**	1	1	P/E (40)	**100**	100	**15**	18	**20**	**250**	250	**50**	DA
19	22	**Bostwick-Braun Co.,** Toledo, Ohio	**51**	46	**10.9**	1	1	P/E (50)	**70**	70	**10**	19	**22**	**200**	188	**50**	Pro
20	19	**Wallace Hardware,** Morristown, Tenn.	**50**	50	**0.0**	3	1	Hardware/Tools (30)	**90**	90	**35**	26	**30**	**200**	200	**43**	Pro
21	21	**Porteous Fastener Co.,** Carson, Calif.	**50**	50	**0.0**	9	9	Hardware/Tools (100)	**10**	10	**2**	2	**35**	**200**	200	**10**	
22	29	**Kruse Hardware,** Fairfield, Ohio	**48**	36	**33.3**	1	1	Hardlines (75)	**100**	100	**18**	17	**3**	**190**	170	**41**	DA
23	23	**Blish-Mize Co.,** Atchison, Kan.	**45**	44	**2.3**	1	1	Tools (40)	**100**	100	**10**	NA	**30**	**200**	200	**40**	DA
24	30	**Sunshine Industries,** Cleveland	**45**	36	**25.0**	1	1	Household chem. (60)	**90**	90	**NA**	NA	**4**	**125**	105	**34**	Pro
25	24	**Pacific Steel & Supply,** San Leandro, Calif.	**43**	43	**0.0**	1	1	Steel/Nails (100)	**100**	100	**NA**	NA	**NA**	**63**	NA	**NA**	LMC, PM
26	27	**Hillman Fastener**[2], Cincinnati	**42**	40	**5.0**	6	6	Hardware/Tools (100)	**80**	80	**40**	NA	**1**	**152**	NA	**100**	
27	25	**Right Way Dealer Warehouse Inc.,** Armonk, NY	**40**	40	**0.0**	3	3	Hardlines (100)	**100**	100	**NA**	NA	**1**	**NA**	NA	**2**	Val-Test
28	20	**Kaner Co.,** Los Angeles	**39**	50	**–22.0**	5	5	Hardware/Tools (86)	**15**	15	**2**	NA	**25**	**155**	NA	**25**	
29	26	**Odell Hardware Co.,** Greensboro, N.C.	**38**	40	**– 5.0**	2	1	P/H/C/Hardware (40)	**100**	100	**9**	NA	**NA**	**250**	NA	**NA**	DA
30	28	**Amarillo Hardware,** Amarillo, Texas	**38**	36	**5.6**	1	1	P/E (40)	**100**	100	**10**	13	**20**	**163**	121	**35**	DA
31	32	**Cascade Wholesale Hardware,** Aloha, Ore.	**35**	33	**6.1**	2	2	Hardware (100)	**100**	100	**5**	5	**5**	92	**85**	**25**	Pro
32	33	**South States Inc.,** Shreveport, La.	**31**	31	**0.0**	2	2	P/E (35)	**95**	95	**8**	3	**24**	**135**	165	**47**	DA
33	35	**CC Distributors,** Corpus Christi, Texas	**30**	25	**20.0**	1	1	P/E (60)	**50**	50	**20**	18	**4**	**98**	88	**12**	Pro
34	34	**S&T Wholesale Hardware,** Jeffersonville, Ind.	**28**	30	**– 6.7**	1	1	Hdwe./Electricals (40)	**100**	100	**35**	30	**0**	**125**	122	**16**	DA, Our Own
35	36	**Hardlines Marketing,** Milwaukee	**23**	23	**0.0**	1	1	Tools/Paint (50)	**100**	100	**3**	3	**4**	**78**	98	**7**	Pro/NPD
36	38	**Brown-Rogers-Dixson,** Winston-Salem, N.C.	**23**	23	**2.2**	3	3	Appliances/Hdwe (78)	**40**	40	**10**	5	**14**	**150**	150	**28**	Val-Test
37	40	**Buttery Hardware,** Llano, Texas	**22**	22	**0.0**	1	1	P/H/C (45)	**85**	100	**3**	10	**11**	**123**	125	**17**	Val-Test
38	39	**B.E. Atlas Co.,** Chicago	**21**	22	**– 4.5**	2	2	P/E (40)	**100**	100	**NA**	NA	**2**	**60**	60	**1**	Pro
39	31	**American Wholesale Hardware*[3],** Long Beach, Calif.	**20**	34	**–41.2**	1	1	Hardlines (100)	**85**	85	**5**	5	**4**	**85**	130	**35**	DA
40	44	**Wright & Wilhelmy Co.,** Omaha, Neb.	**20**	19	**5.3**	1	1	Hardware/Tools (25)	**80**	80	**8**	5	**9**	**90**	103	**28**	DA
41	41	**W.H. Kiefaber Co.,** Dayton, Ohio	**20**	20	**0.0**	7	7	P/H/C (35)	**30**	40	**NA**	5	**22**	**120**	140	**35**	Val-Test
42	37	**Lebovitz Wholesale Hardware,** Chicago	**19**	23	**–17.4**	1	1	Tools (32)	**100**	100	**20**	20	**5**	**80**	85	**16**	DA
43	43	**Henderson & Baird Hardware,** Greenwood, Miss.	**19**	19	**0.0**	2	1	P/E (60)	**90**	100	**NA**	7	**18**	**100**	83	**29**	DA
44	46	**Pioneer Wholesale Supply,** Salt Lake City	**19**	18	**5.6**	1	1	Hardware (50)	**65**	65	**NA**	11	**10**	**85**	74	**12**	Pro
45	45	**Long-Lewis Hardware,** Birmingham, Ala.	**18**	18	**0.0**	1	1	L&G (40)	**80**	80	**10**	10	**NA**	**68**	70	**NA**	Pro
46	47	**Builders Hardware & Supply Corp.,** Seattle	**18**	18	**0.0**	2	2	Hand Tools (100)	**60**	60	**5**	1	**5**	**105**	120	**14**	Pro
47	42	**Charles McMurray Co.,** Fresno, Calif.	**18**	20	**–10.0**	2	2	Cabinets/Vanities (50)	**25**	25	**10**	7	**2**	**50**	55	**11**	Reliable
48	51	**Summers Hardware & Supply Co.,** Johnson City, Tenn.	**17**	17	**0.0**	1	1	Tools (64)	**50**	50	**10**	7	**10**	**72**	115	**15**	AHB
49	54	**Hall & Knight Co.,** Lewiston, Maine	**17**	16	**6.3**	1	1	P/H/C (44)	**45**	45	**5**	4	**10**	**95**	115	**15**	DA
50	57	**Galbraith Steel & Supply Co.,** Dallas	**16**	14	**14.3**	1	1	Hardware/Tools (60)	**95**	95	**NA**	20	**13**	**74**	NA	**17**	Pro
51	53	**Mutual Distributors,** Honolulu	**16**	16	**0.0**	1	1	Appliances (36)	**90**	90	**2**	1	**NA**	**65**	70	**NA**	DA
52	49	**Heusinger Distributors,** San Antonio, Texas	**16**	18	**– 8.6**	1	1	Paint/L&G/P/H/C (60)	**80**	80	**1**	NA	**17**	**98**	84	**21**	Pro
53	52	**Garehime Corp.,** Brisbane, Calif.	**15**	16	**– 6.3**	1	1	Tools (70)	**100**	100	**6**	10	**2**	**65**	50	**15**	Pro
54	56	**Watters & Martin Inc.,** Norfolk, Va.	**15**	14	**7.1**	1	1	Hardlines (100)	**100**	100	**NA**	8	**9**	**100**	92	**27**	DA
55	50	**Nelson-Roanoke Corp.,** Roanoke, Va.	**15**	17	**–11.8**	2	1	Tools (60)	**80**	80	**NA**	23	**NA**	**105**	110	**NA**	DA
56	59	**Becknell Wholesale Co.**[4], Lubbock, Texas	**14**	13	**7.7**	1	2	Farm Equipment (85)	**85**	85	**1**	3	**3**	**350**	350	**13**	AHB
57	58	**Wilco Supply,** Oakland, Calif.	**14**	14	**3.7**	1	1	Hardware (100)	**70**	70	**15**	5	**0**	**60**	59	**15**	Reliable
58	48	**West Texas Wholesale Supply,** Abilene, Texas	**14**	18	**–22.2**	1	1	Plumbing (35)	**40**	40	**6**	15	**0**	**75**	80	**18**	DA
59	60	**George C. Wetherbee & Co.,** Detroit	**13**	12	**8.3**	1	1	Hardware/Tools (50)	**100**	100	**8**	1	**5**	**54**	55	**9**	Reliable
60	55	**Buhrman-Pharr Hardware,** Texarkana, Texas	**13**	14	**– 9.7**	1	1	Tools (55)	**90**	90	**1**	1	**16**	**100**	100	**12**	Reliable
61	61	**Sheffield Hardware,** Americus, Ga.	**12**	12	**0.0**	1	1	Hardware/Tools (35)	**99**	99	**5**	3	**9**	**52**	53	**10**	DA
62	65	**Available Hardware,** Post Falls, Idaho	**12**	10	**20.0**	3	3	Hardlines (70)	**35**	35	**5**	NA	**0**	**60**	NA	**11**	NPD
63	62	**C.H. Miller Hardware Co.,** Huntingdon, Pa.	**11**	11	**0.0**	1	1	Tools (27)	**90**	90	**10**	5	**4**	**90**	90	**8**	Pro
64	63	**Jett Supply,** Pueblo, Colo.	**10**	10	**0.0**	3	1	Steel/Chains (100)	**100**	100	**10**	30	**7**	**40**	30	**4**	
65	66	**Biscayne Electric & Hardware,** Miami	**10**	9	**11.1**	1	1	P/E (45)	**95**	95	**5**	5	**0**	**65**	65	**15**	Val-Test
66	64	**Blackstone Supply,** Providence, R.I.	**10**	10	**0.0**	1	1	Hardware/Tools (40)	**60**	60	**NA**	3	**3**	**35**	40	**7**	Pro
67	67	**Morse Hardware,** Bellingham, Wash.	**10**	9	**11.1**	1	1	Hand tools (40)	**60**	60	**15**	20	**10**	**160**	95	**8**	DA
		Totals	**$2,784**	$2,710	2.7	**133**	119						**737**	**10,370**	9,408	**1,613**	
		Averages	**41.6**	40.4	**1.7**	**2.0**	1.8		**80.8**	81.4	**11.2**	10.5	**12.5**	**157.1**	162.2	27.3	

**NHCN* sales estimate.
[1]The 1990 sales figure is an *NHCN* estimate.
[2]Division of Sun Distributors, Philadelphia, which does $135 million in hardlines/auto parts distribution.
[3]Liquidated in 1992
[4]Fifty-five percent of sales are to farm stores.

P/H/C = plumbing/heating/cooling; P/E = plumbing/electricals; L&G = lawn and garden.
Buying group designations:
AHB = Associated Hardware Buyers; DA = Distribution America; LMC = Lumbermen's Merchandising Corp.; NPD = National Paint Distributors; PM = Pallet Manufacturers.

Co-ops deepen penetration but sales remain flat

Rank '91	Rank '90	Company	Sales ($ Mil.) '91	Sales ($ Mil.) '90	% Chng.	LBM as % of Total Sales '91	LBM as % of Total Sales '90	Dealer/ Members (Store ct.) '91	Dealer/ Members (Store ct.) '90	No. Dealer/ Members That Are Home Centers '91	No. Dealer/ Members That Are Home Centers '90	% of Total Sales From Home Centers '91	% of Total Sales From Home Centers '90	DCs '91	DCs '90	Min./Max. Inventory ($ Mil.) '91	Min./Max. Inventory ($ Mil.) '90	SKUs '91	SKUs '90	Sales/ Inventory Ratio '91	Sales/ Inventory Ratio '90	% Sales From Drop Shipment '91	% Sales From Drop Shipment '90	Co-op Charges (% of Order) to Dealers for Shipping: Warehouse Poor Relay Drop Ship '91	Co-op Charges (% of Order) to Dealers for Shipping: Warehouse Poor Relay Drop Ship '90	Employees '91	Employees '90
1	1	**Cotter & Co.,** Chicago	**2,140**	2,135	**0.2**	**8.9**	8.1	**8,098**	8,166	**1,900**	1,875	**40**	39	**15**	14	**215-270**	280.6	**68,902**	47,150	**5.5**	6.9	**41.0**	42.0	**2-13** **3-6** **0-2**	2-13 6 0-2	**4,041**	4,000
2	2	**Ace Hardware,** Oak Brook, Ill.	**1,704**	1,625	**4.9**	**10.9**	10.4	**5,200**	5,300	**2,080**	2,050	**43**	42	**14**	14	**210-240**	200-230	**55,000**	48,000	**4.7**	4.7	**22.1**	23.6	**0-10** **0-6** **0-2**	0-10 6 0-2	**3,110**	3,006
3	3	**ServiStar Inc.[1],** Butler, Pa.	**1,332**	1,361	**– 2.1**	**41.2**	42.7	**4,396**	4,573	**1,846**	1,645	**63**	65	**8**	8	**133-175**	131-156	**78,000**	55,000	**8.6**	NA	**NA**	62.4	**NA**	NA	**2,000**	1,367
4	4	**Hardware Wholesalers Inc.,** Fort Wayne, Ind.	**1,173**	1,133	**3.5**	**40**	40.0	**3,066**	3,010	**1,896**	1,865	**NA**	NA	**6**	5	**72-85**	66-82	**47,000**	43,000	**14.9**	15.1	**50.0**	50.0	**NA**	NA	**855**	933
5	5	**Our Own Hardware,** Burnsville, Minn.	**165**	152	**8.6**	**25**	22.0	**1,000**	900	**350**	NA	**35**	NA	**3**	2	**16-22**	15-21	**40,000**	38,000	**5.0**	5.0	**40.0**	35.0	**0-15** **5-10** **0-2**	NA	**450**	340
6	6	**United Hardware Distributing[2],** Minneapolis	**131**	137	**– 4.4**	**9**	5.0	**1,207**	600	**145**	30	**6**	5	**1**	1	**24-28**	11-16	**46,000**	45,000	**4.4**	5.9	**14.6**	16.7	NA	11 11 1	**387**	280
7	7	**Handy Hardware Wholesalers,** Houston	**80**	70	**14.3**	**15**	7.5	**735**	661	**NA**	NA	**NA**	NA	**1**	1	**9.5-10.5**	7.2	**24,856**	23,000	**5.7**	9.7	**30.1**	25.0	**9** **5** **0**	9 5 0	**180**	143
8	8	**Connecticut Hardware,** Cromwell, Conn.	**13**	14	**– 7.1**	**0**	0.0	**72**	60	**7**	4	**12**	10	**1**	1	**1.6-1.8**	1.5-1.7	**15,000**	15,000	**5.5**	5.4	**30**	35.0	**0** **8** **6**	10 6 1	**11**	12
		Totals Averages	**6,738** **842**	6,627 828	**2.2**	**18.8**	17.0	**23,774** **2,972**	23,270 2,909	**8,224** **1,175**	7,469 1,245	**33.2**	32.2	**49** **6.1**	46 5.8			**46,845**	39,269	**6.8**	7.5		36.2			**11,034** **1,379**	10,081 1,260

[1] Figures for 1990 include Coast to Coast units, now part of ServiStar.
[2] 1991 and 1990 sales include those of Farwell, Ozmun, Kirk, which United Hardware Distributing bought in 1990.
The average percent change represents the average of each company's sales percentage gain or decline.

NHCN chart

Slow growth doesn't deter Cotter plans

CHICAGO — Cotter & Co. made a bold and unexpected move last year when it rescued nearly 400 small-town hardware and variety store dealers in Canada whose wholesaler was about to go under. Cotter bailed out dealers of Winnipeg, Alberta-based Macleod-Stedman Inc. (MSI), when it purchased its assets for about $13 million.

In this acquisition, Cotter saw the opportunity to pick up dealers and as much as $100 million in new sales.

Identifies growth areas

Back home, 1991 was a year of realignment and realization for Cotter. The co-op's sales grew by less than 1 percent last year, and the co-op's managers—led by its chairman Bill Claypool—exorted dealers to buy more product through its DCs.

To get closer to dealers, its officers began a whirlwind series of field meetings at distribution centers.

That connection is also enhanced by Cotter's satellite network, to which more than 1,000 dealers are hooked up to receive data transmission and taped training sessions.

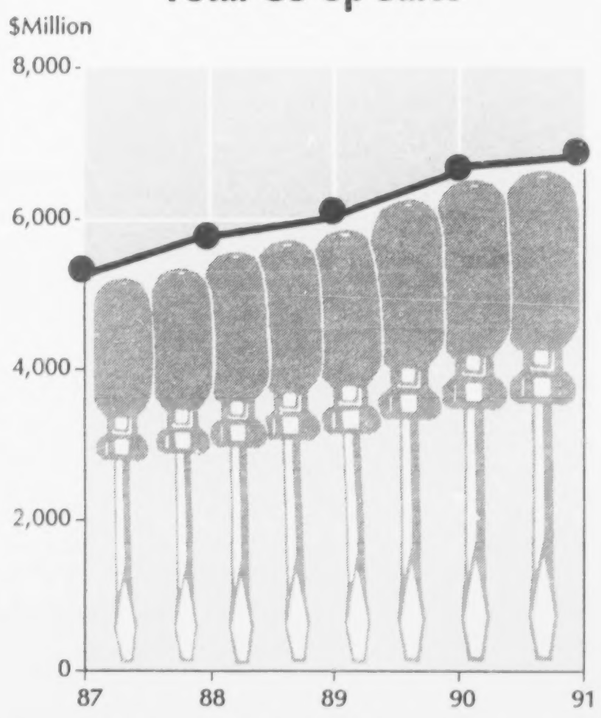
Cotter has very ambitious growth plans. It expects its lumber and building materials distribution business to reach $500 million in sales by 1996, with about 2,000 existing True Value member lumberyards and home centers participating.

The company's other main area of concentration is to reinvigorate its badly neglected V&S variety stores, from which it is wants $750 million in annual sales within a decade.

Cotter's Just Ask rental program, probably the industry's most extensive, is offered to members on a product cost-only basis with as many as 400 stockkeeping units in the assortment and programs costing from $45,000 to about $140,000.

In addition to the rental program, dealers were offered a new product mix and planogram for a True Value Garden Shoppe called Green Thumb, a 1,500-square-foot lawn and garden department inside the store and ideas for small, outdoor displays.

Total Co-op Sales



Company	Sales 1991 ($mil.)	Purchases/ From/ Dealer 1991 $	Sales 1987 ($mil.)	Purchases/ From/ Dealer 1987 $	Purchases/ From/ Dealer % Change 1987-1991
Cotter & Co.	2,140	264,263	1,854	257,500	2.6
Ace Hardware	1,704	327,692	1,198	239,600	36.8
ServiStar Inc.	1,332	303,003	1,040	279,195	8.5
Hardware Wholesalers Inc.	1,173	382,583	885	321,818	18.9
Our Own Hardware	165	165,000	126	105,000	57.1
United Hardware Distributing	131	108,534	92	167,273	–35.1
Handy Hardware Wholesalers	80	108,844	47	75,806	43.6
Connecticut Hardware	13	180,556	12	203,390	–11.2
Totals Averages	6,738 842	283,419 230,059	5,254 657	248,958 206,198	11.6

NHCN chart

Resourceful Ace defies economic woes

OAK BROOK, Ill. — The economy threw its worst at Ace Hardware Corp. last year, and the industry's second largest hardlines co-op still managed to turn in a 4.9 percent increase in its overall sales volume.

In the last four years, Ace has managed to cajole, motivate and otherwise make it cost-effective for dealers to increase purchases from Ace; during that time, dealer purchases have increased by an estimated 15 percent. The co-op claims that dealers buy 60 per-

(Cont'd on page 54)

Sales % change 1987-1991	
Cotter	15.4
Ace	42.2
ServiStar	28.1
HWI	32.5
Our Own	31.0
United	42.4
HH	70.2
Conn.	8.3

Company	SKUs 1991	SKUs 1987	Percent Change 1987-1991
Cotter & Co.	68,902	32,000	115.3
Ace Hardware	55,000	39,000	41.0
ServiStar Inc.	78,000	37,000	110.8
Hardware Wholesalers Inc.	47,000	35,700	31.7
Our Own Hardware	40,000	35,000	14.3
United Hardware Distributing	46,000	37,000	24.3
Handy Hardware Wholesalers	24,856	20,000	24.3
Connecticut Hardware	15,000	25,000	– 40.0
Averages	46,845	32,600	43.7

NHCN chart

(Continued from page 52)
cent of merchandise from the co-op.

Ace started implementing its "Ace 2000" store remodeling and remerchandising program in the midst of the recession, an apropos time to impress upon dealers that, in addition to increasing their buying through the co-op, they need to take a more aggressive attitude toward their businesses to survive.

For future growth, Ace last year introduced a garden program for its dealers, and this year is expected to roll out a hobby and craft program.

Searching for new business

And like other cooperatives that are drawing from an increasingly shallow dealer pool, Ace is looking for new members outside of the U.S.

Renlund, a 60-store chain of hardware stores and Finland's second largest hardlines retailer, signed on as an Ace member last year.

Renlund already has two shops in St. Petersburg and Moscow and expects Ace products to be on shelves there this quarter. Renlund looked to the U.S. market for better-quality, lower-priced products.

Ace is also expanding in Mexico. It signed a consortium in Guadalajara that opened one home center last year and will open two more Ace 2000 hardware/home center stores this year.

Ten new Ace Hardware stores opened in the United Arab Emirates last year, owned by the privately held Al-Futtaim trading company here. The same group supplied U.S. and international troops out of a Saudi Arabian store during the Gulf War last year.

Growth in the '90s means not overlooking any business. And Ace took ads in *Modern Bride* to promote its bridal registry program. It also announced it would test using monthly Spanish-language ads in *La Opinion* in Los Angeles and *El Nuevo Herald* in Miami.

ServiStar adds conquests at home, abroad

BUTLER, Pa.— ServiStar flexed its international muscle in 1991, as one of its dealers—Virginia-based Smitty's Lumberteria—and partner Gunnady Geretsky set up the first-ever hardware store in Russia.

The new store, located in St. Petersburg, has generated a great deal of interest among local consumers and many of ServiStar's U.S. vendors. As soon as the process of valuing the ruble is completed, the co-op will begin aggressively marketing this venture.

Domestically, ServiStar's expansion in the western U.S. has borne some fruit, according to president Paul Pentz,

(Continued on page 55)

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(Continued from page 52)
but there is still a ways to go. Through its sister co-op, Coast to Coast, ServiStar managed to pick up 40 more stores out West through the nine months of its current fiscal year. ServiStar itself picked up 67 new members in the region.

In Canada, ServiStar's conquests included agreements to supply hardware to more than 200 dealers that are part of the HomeCare, Award and BMR commodities buying groups. The co-op is servicing Canada out of its Butler, Pa., and Westfield, Mass., distribution centers.

Rolls out new programs

ServiStar also unveiled a completely new format in 1991 to cater to its nursery and garden specialty members. Called Showplace Home & Garden, the new format debuted at Miller's Hardware in McMurray, Pa. (a combination hardware and nursery store) and at Arbordale Nursery in Amherst, N.Y.

Roughly 300 members are expected to sport the Showplace format by 1994. Thanks to the availability of this program, ServiStar was able to sign Pike's Nursery, one of the largest L&G specialty chains in Atlanta.

Another program that caught the attention of more members in 1991 was the Grand Rental Station, which became a part of some 80 additional ServiStar stores last year for a total of 230.

In 1992, ServiStar plans to make yet another major change in its marketing strategy. The co-op plans to announce the move at a formal press conference as part of its Baltimore market show this May 16. To make sure as many members as possible get in on the announcement, ServiStar is offering to fund owners $150 per day up to $600 to attend the show. The co-op expects some 2,500 members to take advantage of this deal.

HWI expands its influence in the West

FORT WAYNE, Ind. — Hardware Wholesalers Inc.'s membership family expanded by 75 stores in 1991. Among the new relations were Taylor's Do-it Centers in Virginia Beach and Russells Home Centers, which has five units in Alabama.

HWI's Western expansion continued apace, despite tough economic times that are making members reluctant to switch co-ops. Proof of its Western penetration is the fact that HWI's new Woodburn, Ore., distribution center is 160 percent over its budgeted sales projections for the first quarter of 1992.

HWI
the friendly ones

One of the most exciting additions out West, according to HWI executive vp Mike McClelland, was the conversion into a Do-it Center of McDaniels Coast to Coast, a single-store, high-volume company in Snohomish, Wash.

> **'We are saying that you should get into some kind of niche, and get into it in a decisive way.'**
> *Mike McClelland, executive vp, HWI*

One of HWI's major priorities during 1991 was the development of several power departments. Under the direction of Tom Barfell, the co-op rolled out the first such department, the Do-it Best Green Garden Center, at its fall market. Over 30 members signed up for the program; two should have their departments up and running this spring.

Barfell expects to have another two power department programs available for members by this fall: a commercial-industrial sales department and an installed-sales department. McClelland noted that it is important for members to look at introducing at least one of these revamped sections in their stores.

"We're not saying, 'You have to have a lawn and garden or an installed-sales program in your store,' " he explained. "But we are saying that you should get into some kind of niche, and get into it in a decisive way, and these departments help that cause."

This October, McClelland will become HWI's president, succeeding longtime co-op chief Don Wolf, who is retiring.

Our Own takes big step with S&T purchase

BURNSVILLE, Minn. — Our Own Hardware's acquisition of S&T Hardware, a regional hardlines wholesaler, was one of the co-op's more significant events in 1991. That purchase gave the co-op immediate access to 350 Sentry Hardware dealers and 600 unaffiliated hardware stores within a 250-mile radius of Louisville, Ky.

Since bringing them on board, Our Own has picked up over 170 new members from S&T's retail accounts, and another 30 to 40 are scheduled to join during the first half of this year. Our Own also helped S&T refocus on consumer-oriented retailers, dropping between a third and a half of its total accounts. All of the cuts were commercial-industrial businesses.

Our Own had tremendous success expanding its lumber and building materials business in 1991, said vp-marketing Steven Saefke. Sales in those categories increased by 25 percent. Saefke noted that Our Own's lumberyard members are starting to take all of the co-op's programs more seriously on the strength of its commodities assortment.

As did several of the other co-ops last year, Our Own came out with the next generation of its store format. The newest rendition of the How-To Center features red signage with rainbow neon accents and expanded decor, housewares and seasonal departments, as well as including the co-op's Rent-It program as a staple.

Over 25 Our Own members added Rent-It Centers to their stores in 1991. Any retailer that wishes to join Our Own this year must add a Rent-It Center and remodel its store to fit the new, colorful How-To format.

United makes operational, service gains

PLYMOUTH, Minn. — It was a year of considerable change at United Hardware Distributing Co., as David Heider and fellow consultant Burton Merical set about improving service levels and operations for both the buying group's Hardware Hank and Trustworthy dealers.

Both came on board last August, with Heider replacing Ardwin Link as president and Merical as an interim chief financial officer.

At that time, United was still struggling to integrate the buying and operational staff of Farwell Ozmun Kirk, (FOK), the ailing distributor it acquired the previous year for $21.5 million.

As part of the purchase, United gained 500 Trustworthy dealers and became a wholesaler member of the Distribution America marketing group.

(Continued on page 56)

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(Continued from page 55)

The problems of integration are reflected in sales figures that dipped by 4.4 percent from the previous year's $137 million ($40 million of which was generated by FOK) to $131 million in 1991.

After the merging of the companies, there was also a considerable shakeout among dealer-members, which left United with a total of 1,207 at year-end.

Hardware Hank dealers contacted for this article reported that stocking levels and service have both shown significant improvement over the last six months. These dealers also have a broader selection of product to choose from, with 46,000 stockkeeping units now available out of the warehouse. (Officials contacted at United declined to comment.)

In February of this year, Merical was replaced by John Nitsche, who became the company's chief financial officer. Nitsche joined United from Labellco, a non-stocking distributor of hospital laboratory products.

Connecticut Hardware hangs tough

CROMWELL, Conn. — Although Connecticut Hardware watched its 1991 sales volume drop by $1.5 million, the co-op said that it was pleased that the slide wasn't steeper.

Connecticut Hardware, which has members located within a 100-mile radius surrounding its headquarters here, managed to tough it out in the severe New England economic climate.

And although the co-op concentrated on servicing its dealers with more programs and services, it is very difficult for small hardware stores in New England to compete with the increased competition from larger retailers, said Todd Mogren, chief executive officer.

The mild winter didn't help matters either, he added.

On a good note, Connecticut Hardware signed 12 new dealers, three of which are home centers.

Mogren said 10 out of the 12 new members were formally affiliated with Cotter & Co., Ace Hardware or ServiStar. But the stores decided to switch to Connecticut Hardware because, said Mogren, the dealers were interested in a local source.

Connecticut Hardware has also taken the step of adding a next-day delivery service any day of the member's choice, Mogren said.

On top of that, the co-op introduced a low-cost relay program on everyday items like batteries, light bulbs and spray paint. The service is offered four to six times a year, he said.

"We're attempting to make the stores more profitable," Mogren said.

To help accomplish this goal, Connecticut Hardware has also linked up with Triad Systems Corp. This company's new point-of-sale computer systems enable dealers to control inventory in a more efficient manner.

This year, Mogren said Connecticut Hardware is pushing to add another 10 to 15 dealers. In the meantime, the co-op will hold its expenses in line and wait for the economy to pick up.

The Southwest keeps Handy Hardware hot

HOUSTON — While businesses in many parts of the country suffered, most of Handy Hardware Wholesalers' dealer-members in seven Southwestern states flourished. And, as a result, the hardlines co-op, based here, experienced a 14 percent increase in sales volume in 1991 to $80 million.

Over the past few years, sales at Handy have been rising steadily, a direct result of its expanded presence in the Southwestern states and its ability to generate more volume from its individual members, explained president Jim Tipton.

In 1989, Handy had sales totaling some $60 million and, in the following two years, sales increased by $10 million per year.

Last year, the company signed on 74 new members, giving the co-op a total of 735 members, up from 661 in 1990. Tipton said that Handy signed more dealers in 1991 than the company had signed in several years.

Many of the new dealers were formally affiliated with a larger co-op, although others were doing business independently, he said.

To keep up with this growth, Handy increased its inventory level from $7.2 million in 1990 to a maximum of $10.5 million. The co-op also doubled the percentage of its total volume that is being generated by lumber and building materials distribution to 15 percent.

Tipton said Handy plans to keep its dealer base within the Southwest, where the company is thriving.

"We were pleased with last year, and we're off to a great start this year," the company's president said.

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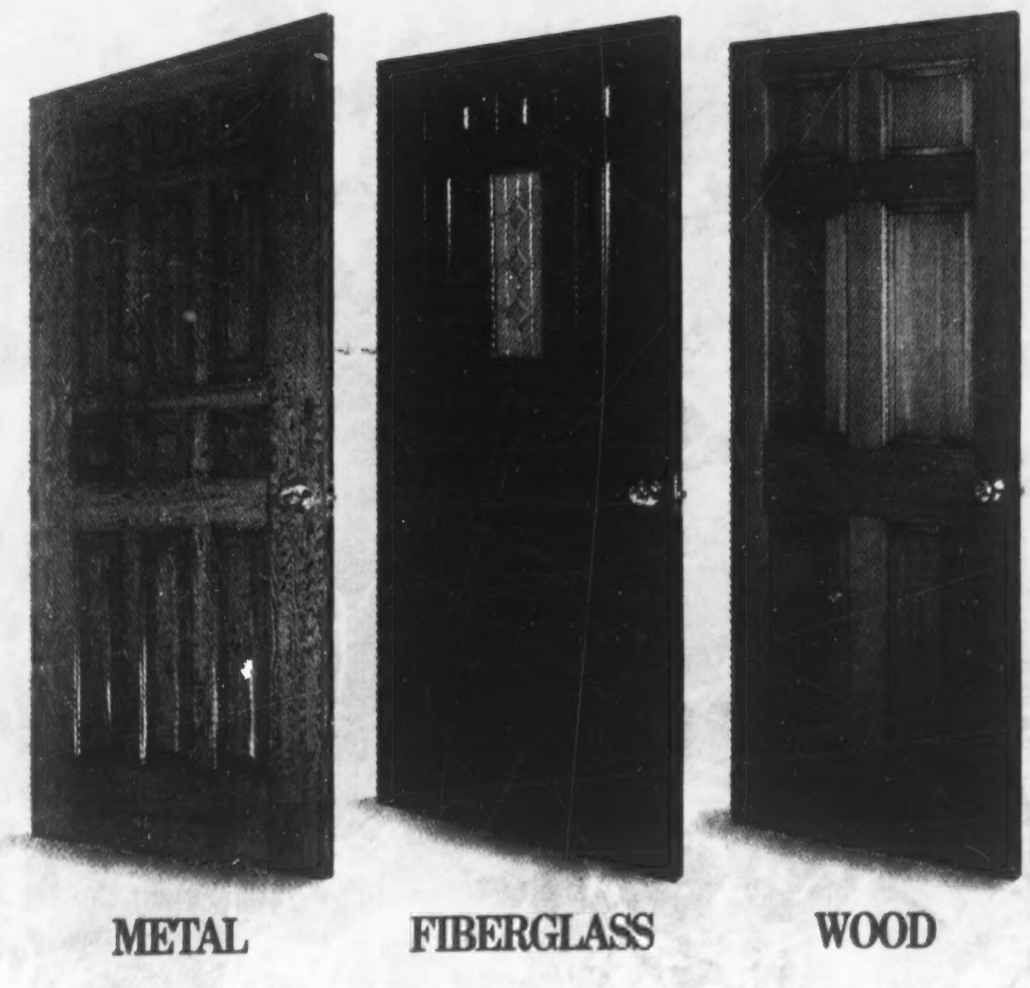

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The Top Specialty Distributors

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % change 1990-1991	Number of Distribution Centers 1991	Number of Distribution Centers 1990	Product Specialty (% of Total Sales)	% of Sales From Retail Accounts 1991	% of Sales From Retail Accounts 1990	% of Sales Drop Shipped 1991	No. of Employees 1991	No. of In-field Salespeople 1991
1	1	**Ferguson Enterprises Inc.,** Newport News, Va.	**670**	656	**2.1**	**3**	3	P/H/C (90)	**10**	10	**20**	**2,300**	**250**
2	2	**Hughes Supply Inc.,** Orlando, Fla.	**548**	529	**3.6**	**117**	117	P/E (90)	**20**	30	**20**	**1,600**	**200**
3	4	**EESCO Inc.,** Chicago	**300**	300	**0.0**	**37**	26	Electricals (100)	**15**	NA	**20**	**770**	**150**
4	3	**Cain & Bultman Inc.,** Jacksonville, Fla.	**210**	325	**−35.4**	**5**	8	Flooring/Electricals (65)	**95**	95	**10**	**500**	**400**
5	5	**Pennington Enterprises Inc.,** Madison, Ga.	**210**	204	**2.9**	**14**	14	L&G (100)	**90**	90	**NA**	**700**	**130**
6	11	**Central Garden & Pet Supply,** Federal Way, Wash.	**168**	126	**33.3**	**20**	15	L&G (90)	**100**	100	**NA**	**700**	**NA**
7	7	**Stuart C. Irby Co.,** Jackson, Miss.	**165**	160	**3.1**	**21**	15	Electricals (100)	**60**	60	**60**	**505**	**55**
8	8	**Builders Plumbing & Heating Supply Co.,** Addison, Ill.	**160**	160	**0.0**	**15**	15	P/E (100)	**20**	NA	**10**	**500**	**66**
9	6	**Duron Paints & Wallcoverings,** Beltsville, Md.	**153**	170	**−10.0**	**2**	NA	Paint/Sundries (83)	**8**	NA	**20**	**1,200**	**150**
10	9	**Platt Electric Supply Inc.,** Beaverton, Ore.	**145**	152	**− 4.6**	**1**	NA	Electricals (100)	**25**	25	**5**	**650**	**65**
11	10	**Southern Electric Supply Co.,** Meridian, Miss.	**138**	135	**2.2**	**33**	15	Electricals (100)	**10**	10	**30**	**320**	**60**
12	13	**Apex Supply Co.,** Atlanta	**105**	90	**16.7**	**16**	14	P/H/C (100)	**NA**	NA	**NA**	**340**	**60**
13	12	**Shemin Nurseries Inc.,** Ridgefield, Conn.	**100**	125	**−20.0**	**9**	9	L&G (80)	**20**	25	**10**	**320**	**25**
14	16	**Seabrook Wallcoverings Inc.,** Memphis, Tenn.	**90**	80	**12.5**	**5**	5	Wallcoverings (100)	**75**	75	**5**	**500**	**70**
15	22	**Cole Grower Service,** Madison, Wis.	**85**	72	**18.1**	**3**	3	L&G (100)	**100**	100	**10**	**55**	**13**
16	15	**Keller Supply Co.,** Seattle	**84**	84	**0.0**	**24**	17	P/H/C (100)	**30**	35	**5**	**350**	**45**
17	24	**Sierra Craft,** City of Industry, Calif.	**80**	70	**14.3**	**5**	5	P/H/C (95)	**75**	75	**NA**	**NA**	**31**
18	17	**Seattle Lighting Fixture Co.,**[1] Seattle	**80**	80	**0.0**	**10**	7	Electricals (100)	**20**	NA	**10**	**400**	**100**
19	18	**Steiner Electric Co.,** Elk Grove Village, Ill.	**78**	75	**4.0**	**4**	4	Electricals (100)	**90**	NA	**35**	**240**	**42**
20	19	**Service Supply Co.,** Indianapolis	**78**	75	**4.0**	**41**	15	Hardware (100)	**35**	35	**80**	**520**	**60**
21	21	**Branch Electric Supply Co.,** Upper Marlboro, Md.	**75**	75	**0.0**	**12**	12	Electricals (100)	**20**	20	**10**	**350**	**11**
22	28	**Famous Supply Co.*,** Akron, Ohio	**75**	70	**7.1**	**17**	16	Heating/Cooling (50)	**20**	20	**NA**	**400**	**80**
23	14	**Raub Supply Co.,** Lancaster, Pa.	**75**	85	**−11.8**	**10**	11	P/E (100)	**10**	10	**20**	**360**	**60**
24	25	**Hoboken Flooring,** Wayne, N.J.	**72**	70	**2.9**	**4**	4	Floor coverings (100)	**70**	60	**NA**	**170**	**33**
25	23	**Vaughan's Seed Co.,** Downers Grove, Ill.	**71**	71	**0.0**	**3**	3	L&G/Seeds (100)	**100**	100	**90**	**345**	**150**
26	26	**AF Supply Corp.,** Brooklyn, N.Y.	**71**	70	**1.4**	**8**	8	P/H/C (95)	**65**	65	**20**	**75**	**5**
27	29	**Gateway Pacific Corp./Buffalo Tool,** St. Louis	**70**	65	**7.7**	**3**	4	Tools (100)	**90**	90	**5**	**140**	**84**
28	30	**Rumsey Electric Co.,** Philadelphia	**70**	60	**16.7**	**5**	5	Electricals (100)	**50**	50	**NA**	**140**	**25**
29	27	**USCO Inc.,** N. Plainfield, N.J.	**70**	70	**0.0**	**12**	11	P/H/C (90)	**20**	15	**NA**	**150**	**17**
30	36	**Gensco Inc.,** Tacoma, Wash.	**65**	55	**18.2**	**12**	12	P/H/C (75)	**10**	10	**30**	**250**	**50**
31	39	**World Wide Distributors Inc.,** Kent, Wash.	**60**	50	**20.0**	**1**	NA	L&G/Hardware tools (40)	**100**	100	**70**	**50**	**4**
32	37	**La Crosse Plumbing Supply Co.*,** La Crosse, Wis.	**60**	54	**11.1**	**5**	5	P/H/C (95)	**75**	75	**10**	**270**	**12**
33	42	**Hi-Line Electric Inc.,** Dallas	**60**	50	**20.0**	**1**	NA	Electricals (100)	**50**	50	**NA**	**120**	**74**
34	31	**Trumbull Industries,** Warren, Ohio	**60**	60	**0.0**	**8**	8	P/H/C (50)	**15**	15	**5**	**300**	**30**
35	61	**Universal International Inc.**[2], Minneapolis	**58**	39	**48.7**	**2**	NA	Housewares (75)	**100**	100	**5**	**100**	**4**
36	32	**Central Supply Co.,** Indianapolis	**57**	57	**0.0**	**2**	2	P/E (100)	**10**	10	**10**	**110**	**50**
37	40	**Brewster Wallcovering Corp.,** Randolph, Mass.	**55**	50	**10.0**	**5**	3	Wallcoverings (100)	**90**	75	**5**	**250**	**50**
38	34	**Locke Supply Co.*,** Oklahoma City	**55**	55	**0.0**	**1**	1	P/H/C (50)	**33**	33	**NA**	**300**	**NA**
39	35	**Sacks Electrical Supply Co.,** Akron, Ohio	**55**	55	**0.0**	**3**	1	Electricals (100)	**10**	10	**10**	**100**	**30**
40	38	**Mobile Paint Co.,** Theodore, Ala.	**54**	52	**3.8**	**1**	1	Paint (100)	**30**	30	**NA**	**150**	**35**
41	41	**Turf Products Corp.,** Worcester, Mass.	**50**	50	**0.0**	**2**	2	L&G (90)	**50**	50	**5**	**50**	**17**
42	44	**Mack Electric Supply Co.,** Dothan, Ala.	**50**	50	**0.0**	**5**	5	Electricals/Tools (100)	**40**	33	**30**	**120**	**25**
43	43	**L.E. Mason Co.,** Boston	**50**	50	**0.0**	**2**	2	Electricals (100)	**40**	40	**70**	**250**	**80**
44	45	**Thermal Supply,** Houston	**50**	50	**0.0**	**38**	NA	Air conditioning (90)	**30**	30	**25**	**180**	**8**
45	46	**Dominion Electric Supply Co.,** Arlington, Va.	**50**	50	**0.0**	**5**	3	Electricals (100)	**15**	20	**45**	**150**	**10**
46	33	**Billows Electric Supply of Philadelphia,** Philadelphia	**48**	55	**−12.7**	**3**	3	Electricals (100)	**40**	10	**35**	**110**	**12**
47	53	**L&L Nursery Supply Inc.,** Chino, Calif.	**47**	41	**14.6**	**1**	1	L&G (55)	**100**	100	**20**	**325**	**32**
48	47	**Eck Supply Co.,** Richmond, Va.	**46**	50	**− 8.0**	**10**	11	Electricals (90)	**10**	10	**5**	**167**	**30**
49	48	**Sunniland Corp.,** Sanford, Fla.	**45**	45	**0.0**	**9**	9	Roofing (60)	**45**	20	**10**	**160**	**20**
50	49	**Vista Paint Corp.,** Fullerton, Calif.	**45**	45	**0.0**	**2**	2	Paint (95)	**22**	22	**50**	**480**	**27**
51	50	**M. Block & Sons Inc.,** Chicago	**43**	42	**2.4**	**2**	2	Major appliances (50)	**100**	100	**25**	**100**	**20**
52	52	**Northern Wire & Cable Inc.,** Troy, Mich.	**42**	42	**0.0**	**5**	5	Electricals (100)	**10**	10	**30**	**190**	**9**
53	57	**Independent Electric Supply Inc.,** San Carlos, Calif.	**41**	40	**2.5**	**6**	5	Electricals (80)	**90**	NA	**80**	**NA**	**20**
54	54	**Misco Shawnee Inc.,** Maryland Heights, Mo.	**41**	41	**0.0**	**3**	NA	Floor coverings (100)	**30**	NA	**10**	**100**	**23**
55	56	**R.L. Ryerson Co.,** Menomonee Falls, Wis.	**40**	40	**0.0**	**1**	NA	L&G (100)	**100**	NA	**10**	**40**	**9**
56	55	**Esco Distributors,** Corpus Christi, Texas	**40**	40	**0.0**	**7**	8	L&G (100)	**100**	100	**100**	**125**	**23**
57	58	**The Blonder Co.,** Cleveland	**40**	40	**0.0**	**3**	3	Paint (100)	**90**	85	**NA**	**265**	**42**
58	60	**Nelson Electric Supply Co.,** Tulsa, Okla.	**40**	40	**0.0**	**6**	NA	Electricals (100)	**30**	40	**20**	**101**	**13**
59	20	**Jones Blair Co.,** Dallas	**40**	75	**−46.7**	**4**	3	Paint/Wallcoverings (100)	**20**	30	**NA**	**300**	**16**
60	51	**Ryall Electric Supply Co.,** Denver	**38**	42	**− 9.5**	**5**	5	Electricals (100)	**25**	25	**30**	**250**	**23**
		Totals	**5,821**	5,809	**0.2**	**619**	483					**20,063**	**3,235**
		Averages	**97.0**	96.8	**2.4**	**10.3**	9.5		**48.4**	47.6	**26.4**	**345.9**	**55.8**

**NHCN* sales estimate.
[1]*NHCN* estimate of employees.
[2]Distributor of closeout merchandise.
P/H/C = plumbing/heating/cooling; P/E = plumbing/electricals; L&G = lawn and garden.

NHCN chart

Narrowly focused wholesalers claim piece of pie

Home centers not always the target of their business

by Robyn Taylor

NATIONAL REPORT — When competing for business from home improvement retailers, the industry's leading hardlines and building material wholesalers are not only battling each other, they must also contend with specialty distributors that have deeper er and more narrowly defined product assortments.

This year, *NHCN*'s Distributor Scoreboard has broken out a listing of the leading specialty wholesalers that key in on such products as plumbing, electricals, home decor and lawn and garden.

While many of the top 60 specialty distributors consider home centers to be a major source of their retail sales, others have chosen to stick to contractor accounts or servicing independent specialty shops. It all depends on the distributor's business philosophy and whether or not the company wants to compete with other full-line wholesalers for a retail chain's business.

Pennington Enterprises, based in Madison, Ga., is the nation's largest specialty lawn and garden wholesaler, and sells to independents, discounters, home centers and wholesale clubs.

Warehouse home centers, like Home Depot and HomeBase, make up 15 percent of sales generated from the company's retail accounts. Ten years ago, Pennington did not sell to any home centers, said president Sonny Pennington.

But as home center warehouses started popping up all over the country, Pennington, which distributes its products nationwide, could not ignore the business opportunity, its president said.

"Home centers will continue to be a big part of our business," he predicted.

In contrast to Pennington is Cole Grower Service, a lawn and garden distributor based in Madison, Wis., that generates 100 percent of its sales from retail accounts. Yet none of this business comes from home centers.

The company does have some accounts with golf courses and landscape companies, but it deals primarily

(Continued on page 58)

Specialty wholesalers grow in niche markets

(Continued from page 57)
with small lawn and garden stores, said Jerry Bilicek, business manager.

Cole Grower Service's sales increased 18 percent in 1991 to $85 million, and Bilicek attributed this mainly to the distributor's concentrating on servicing its accounts and sticking to its small-guy niche.

"We won't mess with home centers or mass merchandisers," he said.

Every little bit helps

Even some distributors that do not generate a large percentage of business from retail accounts can't ignore the fact that home centers can generate a lot of sales.

Ferguson Enterprises Inc. was the distributor through which Lowe's Cos., in the mid-1980s, took on the first full-blown bath fixture program Kohler Co. offered to the home center industry on a drop-ship basis.

Ferguson, with sales of $670 million in 1991, was the largest specialty distributor in the industry last year, according to *NHCN*'s ranking. Still, it only generates 10 percent of that volume from retail accounts, most of that from home centers, according to Don Blankenship, director of advertising and promotions.

Ferguson, which sells plumbing, heating and cooling products, started a separate division seven years ago to sell plumbing fixtures to home centers.

This division, called Plumb-Source, is one of the largest plumbing suppliers to the home center industry, according to Blankenship.

Plumb-Source services retail accounts nationwide, although most of its business is generated from companies east of the Rockies.

Peaceful coexistence

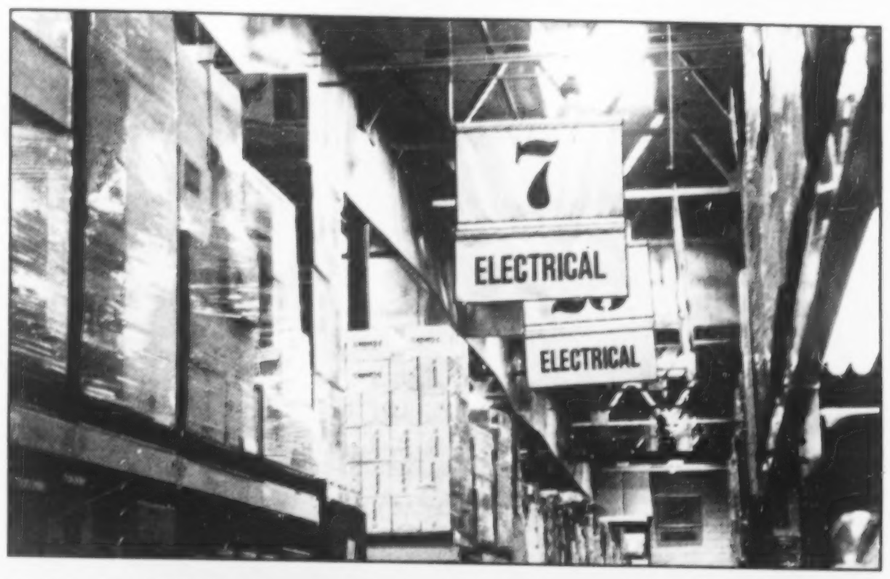
It's not always easy for specialty distributors to compete with the larger hardlines wholesalers. But there is room for the businesses to coexist.

City of Industry, Calif.-based Sierra Craft—located in the same city as the powerful California Hardware—also specializes in plumbing, heating and cooling supplies. Yet the company does not view California Hardware as a cut-throat competitor, said vice president and general manager Lee Klein.

"We deal with many products they don't," he said, such as a broader assortment of bath tubs and toilets, and copper, steel and PVC piping.

Sierra Craft's sales increased 14 percent last year to $80 million, and Klein said sales have consistently gone up over the past few years. A large part of the sales increase is due to its growing number of home center accounts, many of which buy from other wholesalers like California Hardware.

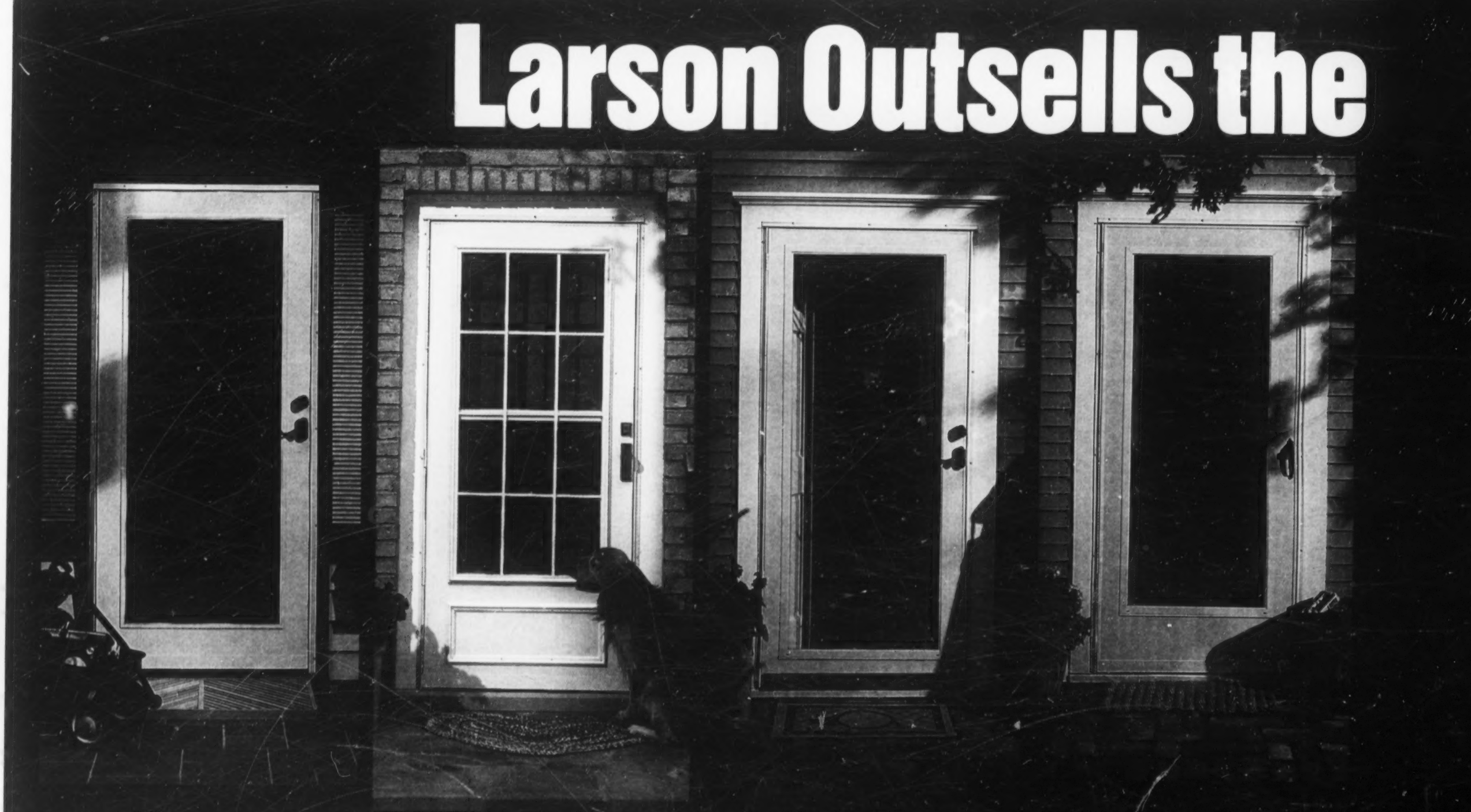
Sierra's home center accounts include Builders Emporium, Payless Cashways, HomeBase and some of Home Depot's Western units.



NHCN photos

***Plumbing and electricals** are the two product categories that specialty wholesalers appear to be strongest in.*

Larson Outsells the



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MAGNA-CORE™ Colonial Full-Lite

MAGNA-CORE™ V-Groove Border Full-Lite

LIFE-CORE™ Full-Lite

Home improvement product sales flat in 1991

Hardware, Tools & Plumbing

1991 sales ($ bil.)	20.1
Percent change	0.0

Dealers protected themselves last year by reducing their hardlines inventories by as much as 30 percent, as more emphasis was placed on space management and profitability. Hardware and tool displays were revamped to reflect this trend.

Handy Andy and Builders Emporium were among those that reorganized their tool departments into defined areas. Grossman's added a tool service counter. And benchtop tools appeared to have a resurgence last year.

The industry also watched Newell Cos.' (unsuccessful) attempt to buy as much as 15 to 25 percent of The Stanley Works, and its (successful) attempt to purchase a $150 million stake in Black & Decker.

Lumber & Building Materials

1991 sales ($ bil.)	5.6
Percent change	1.1

The Gulf War, the housing slump and decreased consumer confidence made the sale of building materials particularly hard last year. But dealers and suppliers refocused their efforts on the repair and remodeling sectors.

Lumber became scarcer, as government restrictions limited harvesting on federal lands to protect wildlife. That caused lumber prices to skyrocket and has dealers worried about long-term availability.

Millwork again proved to be a strong category for dealers, as a number of independents opened separate showrooms for this product.

As the war made energy costs jiggle, products like fiberglass that abetted energy conservation did well.

Lawn & Garden Equipment & Sales

1991 sales ($ bil.)	28.9
Percent change	0.9

Last year, home centers' share of the lawn and garden market slid a bit. The National Gardening Association said that just 17 million households bought L&G goods in home centers, down from 19 million in 1991.

An early, mild spring that followed an equally mild winter resulted in a 6.4 percent rise in overall lawn and garden product sales in 1991 to $22.1 billion, according to the NGA.

A couple of players most commonly associated with L&G, such as Ernst, worked on making their garden areas greater traffic-builders, and hardlines co-ops (most notably ServiStar with its Showplace Home & Garden concept) made a significant commitment to this category.

Paint, Preservatives & Supplies

1991 sales ($ bil.)	13.3
Percent change	−3.3

Home centers began making a statement in home decor last year, with much larger departments and broader assortments.

Across the country, retailers as varied as Home Depot, Ernst, Busy Beaver, Rickel, Pay 'N Pak, Builders Emporium, Builders Square and the new Eagle Hardware & Garden beefed up categories including paint, window treatments and carpeting (particularly area rugs), even hardware—many of which were tied into bigger-ticket kitchen and bath and millwork sales.

The move toward home decor, also saw a number of retailers hire professional interior design consultants in their stores, a nod to female shoppers.

Home Improvement Research Institute estimates

NHCN charts

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Wholesaler marketing groups contend with slow growth

Rank 1991	Rank 1990	Company	Total Sales $ Millions 1991	Total Sales $ Millions 1990	% Chng. '91-'90	No. of Wholesaler-Members 1991	No. of Wholesaler-Members 1990	No. of Retail Stores (Total) 1991	No. of Retail Stores (Total) 1990	% of Total Stores That Are Home Centers 1991	% of Total Stores That Are Home Centers 1990	No. of Wholesaler-Member Warehouses 1991	No. of Wholesaler-Member Warehouses 1990	Aggregate Inventory Carried At Wholesaler-Members Warehouses ($ Millions) 1991	Aggregate Inventory Carried At Wholesaler-Members Warehouses ($ Millions) 1990	Avg. # Of SKUs Carried At Wholesaler-Members' Warehouses 1991	Avg. # Of SKUs Carried At Wholesaler-Members' Warehouses 1990	No. of Employees At Mktng. Group HQ 1991	No. of Employees At Mktng. Group HQ 1990	Advertising Dollars Spent By Mktng. Group/ By Wholesaler Members 1991	Advertising Dollars Spent By Mktng. Group/ By Wholesaler Members 1990
1	2	**Distribution America*,** Des Plaines, Ill.	**1,900**	1,820	**4.4**	**38**	37	**25,000**	25,200	**30**	61	**50**	56	**300**	297	**33,000**	33,000	**65**	74	NA	NA
2	1	**Pro Hardware,** Englewood, Colo.	**1,300**	1,250	**4.0**	**39**	39	**21,000**	21,000	**45**	45	**44**	48	**323**	380	**28,000**	28,000	**26**	23	**$1.9 mil./ $3.9 mil.**	$1.7 mil./ $3.7 mil.
3	5	**Val-Test Distributors,** Chicago	**900**	420	**114.3**	**72**	46	**6,000**	7,200	**30**	30	**78**	56	**1,620**	670	**20,000**	18,000	**15**	14	**$500,000/ $9.0 mil.**	$100,000/ $650,000
4	3	**Associated Building Materials,** Scottsdale, Ariz.	**701**	700	**0.1**	**49**	53	**29,400**	29,105	**87**	85	**79**	77	**77**	77	**NA**	NA	**2**	2	**$5,000/ NA**	$5,000/ NA
5	4	**Reliable Hardware Wholesalers,** Arlington Heights, Ill.	**600**	600	**0.0**	**40**	46	**10,000**	16,200	**7**	32	**41**	48	**NA**	89	**NA**	19,500	**5**	7	NA	NA
6	6	**Materials Corp. of America** Glenside, Pa.	**250**	300	**– 16.7**	**19**	19	**10,500**	10,500	**30**	30	**25**	25	**NA**	NA	**NA**	NA	**4**	6	**NA**	NA
7	7	**Associated Hardware Buyers,** Gainesville, Ga.	**190**	185	**2.7**	**27**	23	**16,000**	14,000	**25**	30	**27**	27	**35**	NA	**7,500**	NA	**5**	2	**NA/ $10,000**	NA/ $20,000
		Totals	**5,841**	5,275		**284**	263	**117,900**	123,205			**344**	337					**122**	128	**NA**	**NA**
		Averages	**834**	754	**15.6**	**40.6**	37.6	**16,842.9**	17,600.7	**36.3**	44.7	**49.1**	48.1	**471.0**	302.6	**22,125**	24,625	**17**	18		

* Figures for 1990 represent the combined totals of Liberty Distributors and Sentry Hardware, which merged to form Distribution America on July 1, 1991.

NHCN chart

Liberty, Sentry merge into No. 1 group

DES PLAINES, Ill. — Distribution America didn't exist at the start of 1991. But by year-end, it was challenging Pro Hardware as the industry's leading wholesaler marketing group.

NHCN photo

DA's Ron Pink

The merger of Liberty Distributors and Sentry Hardware, the second and third largest groups, respectively, in 1990, formed Distribution America (DA) last summer. The coalition was like a life raft for Sentry, which had gone through two flat sales years and had some membership problems. Liberty, on the other hand, was having a strong year when merger talks began.

Both groups believed a combination was necessary to help their members—38 independent hardware distributors—survive during a period of wholesaler consolidation and, in many cases, distress.

Merchandising strategies—such as Liberty's Golden Rule program for lumberyards, Sentry's proprietary program for hardlines dealers, and Liberty's Trustworthy program that's administered by its members individually—were not combined, but buying for the two organizations was streamlined. The new DA has about 25,000 dealers. About 6,000 dealers participate in a store signage and identification program.

The merger did not affect the membership status of two DA members, Our Own Hardware and United Hardware Distributors, which are dealer-owned co-ops in their own right.

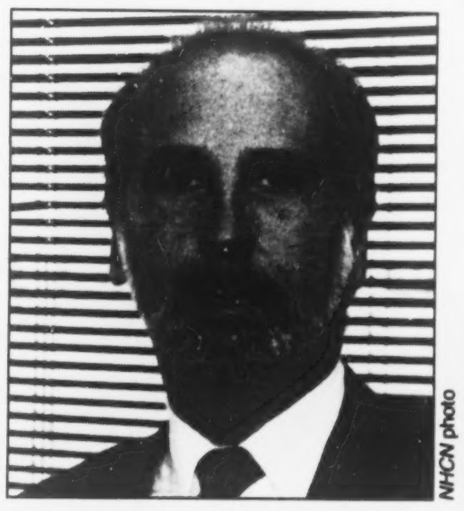
After the merger, DA set out to establish new contracts with vendors that, according to more than one vendor source, asked for additional discounts in line with DA's larger buying clout. Vendors claim such requests were rebuffed.

Bill Hooten, Liberty's president of Liberty who initially took charge at DA, has since retired and been replaced by Ron Pink, former managing executive at Sentry.

Pro launches new services for members

Pro Hardware continued in 1991 to add to the arsenal of services it provides to its wholesaler-members that are trying to compete with hardlines co-ops.

In the early part of the year, two of Pro's largest distributors launched an aggressive field blitz to secure a broader dealership base. Bostwick-Braun of Toledo, Ohio, and RKB Enterprises of Elmira, N.Y., launched the blitz, in an attempt to sign dealers that once worked with George Worthington Co. The two distributors' combined efforts succeeded in bringing 52 stores into the Pro fold.



NHCN photo

Pro's Gary Cosgrave

Pro also managed to secure two decent-sized Northwestern players: Cascade Wholesale Hardware, a $33 million distributor based in Aloha, Ore., and Builders Hardware & Supply, an $18 million wholesaler in the Seattle area. And a Southern California wholesaler, Yale Sales, signed up with Pro back in October.

The Denver-based marketing group launched several new services last year. Among these were an office supplies program, a computerized system of truck routing, its first-ever coupon promotion and a long-distance rebate program in conjunction with common-carrier US Sprint. Results from each of these programs were good enough for the organization to decide to continue and enhance them in 1992, according to senior vp Richard Paige.

Also developed in 1991 was Pro's first nationwide media campaign, which was unveiled in the March 31 edition of *Parade* magazine.

Pro's advertising staff spent the year redesigning the group's advertising and marketing campaign. In it, Pro invites members to "Celebrate America" and discover the group's "New World" of advertising, both themes that play off the 500th anniversary of Columbus' encounter with America.

Val-Test stays on track with rapid growth

CHICAGO — Val-Test Distributors continues to be a fast-growing marketing group.

It boosted its combined sales to $900 million in 1991 from the $420 million it reported to *NHCN* in 1990. The figure reported to *NHCN* last year was based solely on hardware sales to about 30 distributors.

Russell Meeks, president of the privately held firm, said sales increases last year came from international sales and new paint and sundries sales.

Last year, the paint and sundries division boosted its sales to $350 million from around $80 million and moved its offices to Bethlehem, Pa., from Chicago, to be closer to paint and sundries manufacturers.

In the last two years, Val-Test signed new distributor members based in Japan and Canada. International business has grown to more than $250 million.

Val-Test intends to remain in its niche as a second- and third-source supplier to an estimated 8,000 hardware and paint accounts.

NHCN photo

Val-Test's Russell Meeks

What it offers those accounts and its distributors is low-cost advertising, done in-house with computers, and an intermediary step between distributors and vendors to negotiate programs.

ABM wins new members while others are lost

SCOTTSDALE, Ariz. — Associated Building Materials, the marketing group here, signed seven new wholesaler-members this year. But during the same time the organization lost 10 members.

With four fewer distributors than it had last year, Associated managed to keep its

(Continued on page 61)

(Continued from page 60)
1991 sales level among its wholesalers at about $700 million, even with 1990 sales.

The 1991 sales results were good news for the marketing group, which has wholesaler members located throughout the country.

Jack Mackin, Associated's executive vp, said that the recession forced several former members—including Timber Products of Orlando, Fla.; M.M. Clark of Washington, D.C.; Connecticut-based Nutmeg Building Supply; and Maxey-Bosshardt of Atlanta—out of business.

Associated had planned on signing several new members in 1991, but did not plan on losing so many at the same time, Mackin said.

Some of its new members include Gross Co. of San Francisco; Harrington of Salt Lake City; Interstate Distributors of Dunn, N.C.; and Lumbermans Wholesale of Aurora, Ill.

Mackin said the company is currently working on adding three or four new prospects.

As for this year, he said, the marketing group hopes to attract more members from a shrinking pool of distributors, while still retaining its current wholesaler members.

Associated will also add new vendors, he said.

Reliable pulls through tough, 'beneficial' '91

CHICAGO — "It was a tough year for everyone, but it was beneficial for us and for our members," explained Alan Meyer, president of Reliable Hardware Wholesalers of America Inc.

The Illinois-based wholesaler marketing group lost four of its 40 distributor-members last year to bankruptcy or liquidation, Meyer said, the largest loss in the firm's four-year history.

"We all took time to see how we operated, and we're a smarter group today," Meyer said. On the plus side, Reliable added seven new members.

Rather than rolling out a long-awaited store identification program last year, Reliable's members chose to concentrate on selling programs.

Meyer said the group produced its first illustrated sales catalog and plans to begin using it this year.

The company laid plans last year to begin quarterly buying specials for its members, aligning vendor promotions with distributor commitments.

Meyer said Reliable's two buying conferences each year have grown in stature. The fall meeting last year had 54 vendors and 25 members, the largest number ever.

In addition to its quarterly four-color sales circular program, Reliable also began testing monthly advertisements. The firm began producing its own advertising art work last year with a new computer system, Meyer said.

Reliable intends to restart its store identification and merchandising plan this year, he said. In the past, the marketing group wanted to develop a look and logo for paint-oriented retailers.

Matco's sales still hurting from recession

GLENSIDE, Pa. — Materials Corp. of America managed to weather another tough year, as it saw 1991 sales drop about 17 percent to $250 million.

Sales at Matco have been steadily declining since 1989, when the marketing group had sales of $400 million.

Executive director Stanley Gomberg attributed the sales decline to the severe economic downturn in the Middle Atlantic and Northeastern states, where several of the company's 19 wholesaler-members are located.

Matco membership was a wash last year, at it signed two new distributors and lost two, Gomberg said.

Although several members experienced financial troubles, some of the company's member wholesalers are located in the Midwest, where business remained steady. And a member in South Dakota experienced significant sales increases, he said.

As for this year, Gomberg said Matco plans to watch expenses closely and doesn't plan on soliciting new members.

Matco did not make any significant changes in 1991 and plans on keeping the status quo until the economy turns.

The company will concentrate on servicing its current wholesale members. "Signing new members is too difficult now," Gomberg said.

More marketing group news on page 62.

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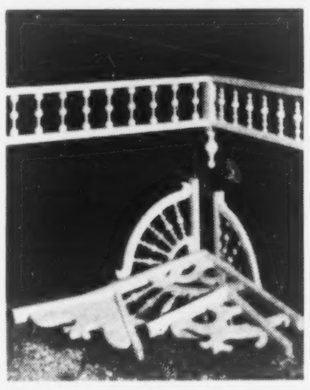

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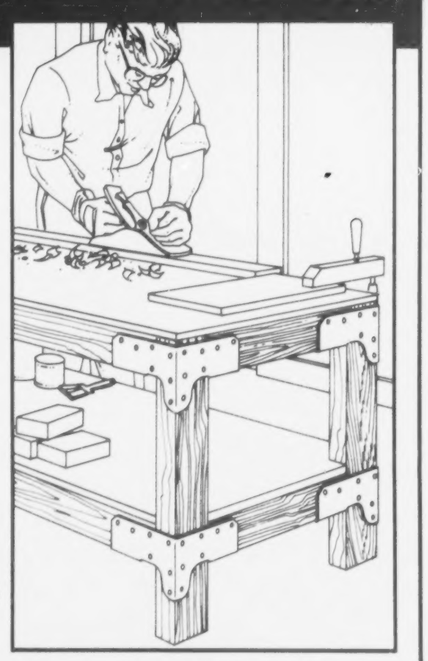

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Circle (027) on Reader Service Card

Payless makes amendments to IPO

(Continued from page 6)
ordinated 10-year notes on the market to $215 million from $200 million, as listed in its February preliminary prospectus (*NHCN*, March 23).

Payless' total proposed initial public offering of 45 million shares of common stock could raise between $405 million and $450 million.

Under the original plan, with 33.5 million shares offered at between $13 and $15 a share, Payless would raise $435 million to $502.5 million from the sale.

According to its amended filing of April 23, Payless expects to raise a total of $947 million to $1.05 billion, a total that includes notes and bank loans, and excludes the cost of going public.

The 195-unit chain also extended its offer to repurchase an estimated $63 million in 14.5 percent subordinated debentures issued in 1988, when the company went private in a leveraged buyout. In comparison to today's high-yield, so-called junk bonds paying 10 and 11 percent, the Payless bond remains attractive.

Some bondholders cynical

One Boston bond analyst, who asked not to be identified, said a few Payless bondholders were "cynical" that the original per share asking price of $13 to $15 was too high and that they didn't think the deal would go through. With the lowered share price, the analyst said, the deal may be more attractive.

Neither Payless nor its investment backers can comment while the company's IPO is prelisted.

Builders Square hires fashion maven

(Continued from page 5)
The area will be doubled to 6,000 square feet and repositioned in the center of the stores in the new prototype store in the Sunrise neighborhood of Miami, which is slated to open in early summer.

Schultz will also coordinate color and fashion elements throughout the store as the chain's in-house fashion consultant and educate the buying staff in these elements.

"We're not trying to change the nuts and bolts of the company, just give more fashion to it and soften it up," she said. "We want to make it an easy place to shop, and more family-oriented."

Shultz brings to Builders Square an unusual blend of merchandising experience in both hardlines and softlines with a background in point-of sale presentations, fixturing and signs. Before joining Montgomery Ward, she worked at H.J. Wilson in merchandise presentation, and also at Venture Stores.

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Cotter likely to leave senior vp post open for moment

(Continued from page 3)
ter had told *NHCN* that Alexander would most likely be his replacement "if I got hit by a truck tomorrow."

"I have lost a valued business associate and a dear and loyal friend," said Dan Cotter.

Last week, a spokesman for Cotter said it was "too early" to say whether a replacement for Alexander was under consideration. The post will likely remain vacant as Cotter & Co. holds its semiannual buying show and convention this month, a convention whose supervisor had also reported to Alexander.

In interviews late last year with *NHCN*, Alexander insisted it wasn't one person who made a difference but rather a team—"not 10 or 20 guys with the attitude of 'get off my turf.' "

> **'I have lost a valued business associate and a dear and loyal friend.'**
>
> *Dan Cotter, president, Cotter & Co.*

Alexander's background was in manufacturing. Prior to his promotion to the senior vp post in 1990, he was vp and general manager for all of the co-op's manufacturing division.

He had been president of Atlas Tool and Manufacturing, a St. Louis-based outdoor power equipment company that the co-op acquired in 1983. Alexander was president of the American Hardware Manufacturers Association in 1980 and chairman of the Outdoor Power Equipment Institute in 1990.

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SPECIAL REPORT

Vol. 18 No. 10 $35 a copy The Journal of News & Trends for Home Imrpovement Retailers, Co-op & Wholesalers Published by Lebhar Friedman Inc. May 25, 1992

L.A. dealers dig out from the rubble

Many lend support to neighborhood store

by Robyn Taylor

LOS ANGELES — In the midst of the rioting, looting and arson, Steve Gullion's home telephone rang. It was the call he had been waiting for anxiously.

His store was still standing.

Alvarado Paint & Hardware, a downtown mainstay since 1946, was one of the thousands of businesses that survived total devastation during the worst period of civil unrest in this city's history. While the entire city block around the store is burned beyond recognition, two-thirds—7,000 square feet—of Alvarado Paint & Hardware remains unscathed. The store's paint and window and screen departments, however, were not so lucky. These departments burned to the ground.

NHCN photo

***Owner Steve Gullion** stands in front of damaged Alvarado Paint & Hardware.*

On May 5, just four days

(Continued on page 117)

Local hardware stores hit hard; Chains pitch in to help repair effort

LOS ANGELES — Bill Greenberg, owner of Greenberg Hardware, grew up behind his store on Central Avenue and 50th Street. Now the store and its $100,000 worth of merchandise are nothing more than a heap of charcoal ruins.

But Greenberg, 62, is already planning to rebuild his business, which was looted and torched during this city's devastating riots, fueled by the April 29 not-guilty verdict of four white police officers accused of beating black motorist Rodney King. The store had served the predominantly black and Hispanic neighborhood since 1920, and Greenberg feels the community is inherently good.

"I have so many friends in the area and they are solidly behind us," he said.

On another positive note, Greenberg said his insurance adjuster assured him that he should be compensated entirely. In the meantime, he may open up his 1,600-square-foot warehouse—located behind the former 4,000-square-foot

(Continued on page 117)

***Two armed employees** stand guard in front of Kim's Home Center in Koreatown, Los Angeles, to ward off potential looters.*

Rank 1991	Company	Sales 1991 ($mil.)	% Change 1990-1991	Stores
1	Home Depot	$ 5,137	34.7	174
2	Lowe's	3,056	7.9	306
3	Payless Cashways	2,390	7.2	195
4	Builders Square	2,050	8.5	150
5	Hechinger[1]	1,615	16.0	116
6	HomeClub	1,400	11.1	73
7	Menard's	965	20.6	60
8	Grossman's	806	– 0.9	139
9	84 Lumber	800	4.3	368
10	Sutherland Lumber	792	2.1	80
	Top 10 Total	19,011	14.5	1,661
	Top 500 Total	39,916	5.6	5,725
	Industry Total[2]	80,237	0.2	

[1]Includes sales from 30-unit HomeQuarters Warehouse, estimated by *NHCN* to be about $550 million last year.
[2]U.S. Department of Commerce figures.
Source: *NHCN* research

NHCN chart

Largest chains take control

But rest of the Top 500 still show modest gains

by John Caulfield

NEWS ANALYSIS

NATIONAL REPORT — Mentor Lumber, a three-store, $17 million independent based outside of Cleveland, no longer carries electricals and plumbing. The reason: too much competition in those categories from the likes of Builders Square, Handy Andy Home Improvement Centers and DIY Warehouse.

That scenario apparently is playing itself out all over the United States, as many home improvement retailers struggle not only with a doggedly bad economy but also with larger chains, particularly the warehouse operators and their expansionary voraciousness.

When one-fifth of the industry's top 500 retailers say their stores don't carry electricals; when 30 percent say they don't stock sinks, toilets and tubs; when two of every five dealers don't stock outdoor power equipment, and a star-

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'92

ANNUAL REPORT PART TWO

RETAIL SCOREBOARD

The Top 500

As industry creeps upward, big chains leap forward

INDUSTRY STATS

Hardware wholesalers boost sales in South during March

Comparative Sales and Inventory Figures for March*

	March Sales	Year-to-Date Sales	Days on Books	Inventory
Southeast	4.74	9.97	51.99	0.61
Mid-South	25.74	23.58	51.71	5.69
Southwest	4.33	6.90	44.33	16.00
ALL AREAS	14.17	15.32	49.77	6.23

* All figures represent percentage increases over prior year.
Source: American Wholesale Hardware Association

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COMMUNITY SERVICE

NHD Stores' Woolf leads $1.9M telethon

STOUGHTON, Mass. — NHD Stores president Sheldon Woolf spearheaded efforts that allowed the Boston Easter Seal telethon to bring in more money than any of the similar events in 125 other markets.

Aired over WLVI-TV 56, the telethon raised nearly $1.9 million, thanks in large part to contributions that Woolf solicited from members of the local business community.

Ironically, Woolf was reluctant to run the telethon this year, because he wanted to pay closer attention to his hardware chain during tough economic times. But he reconsidered his decision, and ended up personally raising more money for the group than he ever had before.

"I decided to do it, because if ever there was a time when people needed to make a statement that they care about those less fortunate, it's now," said Woolf.

Georgia-Pacific helps Olympics house project

ATLANTA — Georgia-Pacific is working with the Atlanta Committee for the Olympic Games (ACOC) to recruit volunteers and supply building materials for the 1996 summer games campus.

As part of the efforts, G-P and the ACOC will assist the United Way and Project HOPE with the construction of some low-income housing adjacent to the Olympics' site.

G-P is one of 16 local companies supporting the committee's volunteer efforts. So far, the building materials conglomerate has volunteered several hundred employees, their spouses and retirees toward the more than 50,000 people needed to build the campus.

NEWS BRIEFS

Cotter names two new vice presidents

CHICAGO — Cotter & Co. announced a senior management reorganization, naming two new vice presidents by splitting up the heavy load that had been held by the senior vp Glenn Alexander. The changes, which were announced May 9, had been under consideration for a couple of months but were accelerated by Alexander's death.

Dan Burton, 46, has been promoted to vp of member development and member services from his previous post as national member development manager.

Jon Haugen, 53, former director of merchandising, is now vp of merchandising and inventory management.

Both men report directly to Cotter president Dan Cotter.

Paul Fee, executive vp, takes over responsibility for advertising for the nation's largest cooperative wholesaler.

Kerry Kirby, current vp of finance, with a background in manufacturing, will temporarily be in charge of manufacturing. Dan Burns, vp of legal, takes over as head of human resources at Cotter.

"No one can replace Glenn [Alexander]," said Dan Cotter in a prepared statement, "but we have done the next best thing as members of the team he developed are moved up in the company."

Alexander suffered a heart attack April 13.

Home Depot eyes overseas expansion

ATLANTA — Within the next 18 months, Home Depot will select foreign expansion opportunities. The chain's international ambitions have been reported before, but these details emerged in an unusual way.

During a meeting at the Carter Center, Home Depot president Arthur Blank was introduced to Mikhail Gorbachev by President Carter. Gorbachev said that Home Depot should open in the former Soviet Union. A Reuters reporter followed up with questions.

Pergament axes 6 district manager posts

MELVILLE, N.Y. — Pergament Home Centers recently eliminated its six district managers (DMs) to improve communications between the stores and head office.

The DMs had been reporting to vp-operations Stan Phelps before he left the company on May 1. They will be replaced by three new regional vps.

John Alberto, former senior merchandiser for paint and wallcoverings, will fill one spot; the other two remained open through early May and could be filled from outside Pergament, according to Robert Tammero, ceo of the 34-unit company.

"We are trying to change the culture of the company and make it more employee-oriented," said Tammero, who joined Pergament from Plymouth-Lamston Stores immedi-ately after the financial restructuring in March.

One of the district managers, Bill Schoeck, has already left, and Pergament is looking for alternative positions for the remaining five, according to Tammero.

In a separate development, Jerry Bryden, merchandise manager of patio and seasonals, resigned to take a position at Channel Home Centers. Bryden had built the seasonals department into an extremely profitable one for Pergament.

NHCN to offer Top 500 data on diskette

NEW YORK — *National Home Center News* will be making an expanded version of its Top 500 Retail Scoreboard available on diskette.

The new diskette will feature a statistical portrait of America's top 500 home center and building material retail operators over the past three years. It will also include completely updated listings on addresses, fax numbers and the chief executive officers for all 500 companies.

In addition to the sales results, the diskette has figures on store counts, store and chainwide square footage, DIY sales percentages, full- and part-time employee counts and the number of stockkeeping units each retailer carries.

Also available on the diskette for the first time is a listing of product categories carried by each dealer.

The diskette is formatted for Lotus 1-2-3 software, and will be available in 5¼- and 3½-inch sizes, starting June 30. The price will be $495. For more information, call 212-756-5142 or -5148; or fax *NHCN* at 212-756-5295.

Ex-Lowe's exec to head Depot's pro business

ATLANTA — Home Depot has hired a former vp-merchandising of Lowe's Cos. to head up its expansion into contractor sales.

Jerry Edwards, who left Lowe's last year, joined the Atlanta chain last month as its special projects manager targeting the professional business customer. It is a new position, although pro sales had been handled by John Breedlove before his untimely death in 1990.

Contractor and remodeler sales have become an important component in Home Depot's sales growth, accounting for approximately 30 percent of the chain's $5.1 billion in 1991 revenues.

The 181-unit chain also promoted regional manager Ken Dardas to the new position of regional vice president-Northeast division on May 5. This division, currently headquartered in South Plainfield, N.J., is projected to manage about 150 stores by the end of 1996.

Correction

Due to a production oversight, two charts in the May 11 issue contained incomplete data. A chart on page 15 neglected to include the 1991 average purchases per dealer among hardware co-ops. The figure was $230,059. On page 16, a chart showing deunionization among building materials distributors omitted a percentage breakdown for drivers. These figures were 32.8 percent in 1972, 19.7 percent in 1986 and 12.9 percent in 1992.

As industry creeps upward, big chains leap forward

'92

The Home Improvement Market remains fragmented. . .

1991
(in Bil. $)
(Nos. in parentheses are percentage of total sales)

Source: *NHCN* research & chart

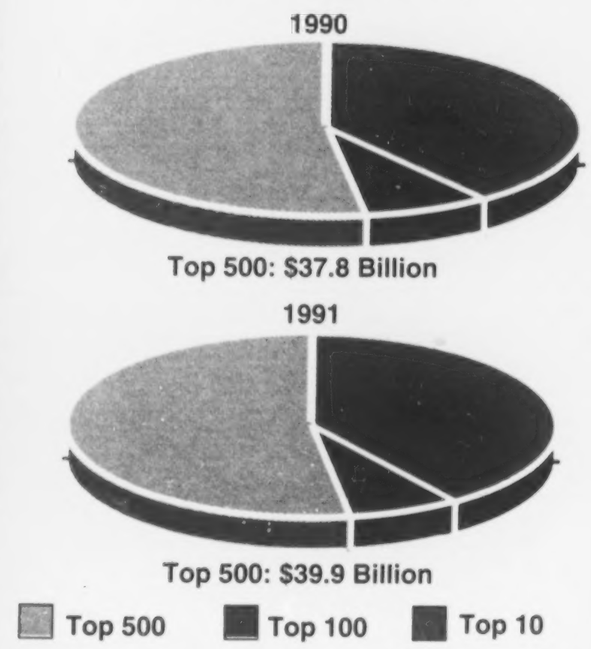
But as the major retailers get bigger. . .

Average store size

* Figures taken from Top 10 and Top 5 listed in 1991 Retail Scoreboard

NHCN chart

. . . they're capturing more market share



Source: *NHCN* research & chart

When the going gets tough, the big get bigger

(Continued from page 3)

tlingly high 14 percent of these dealers don't carry paint, it becomes increasingly evident that certain dealers are simply ceding whole categories to the bigger guys.

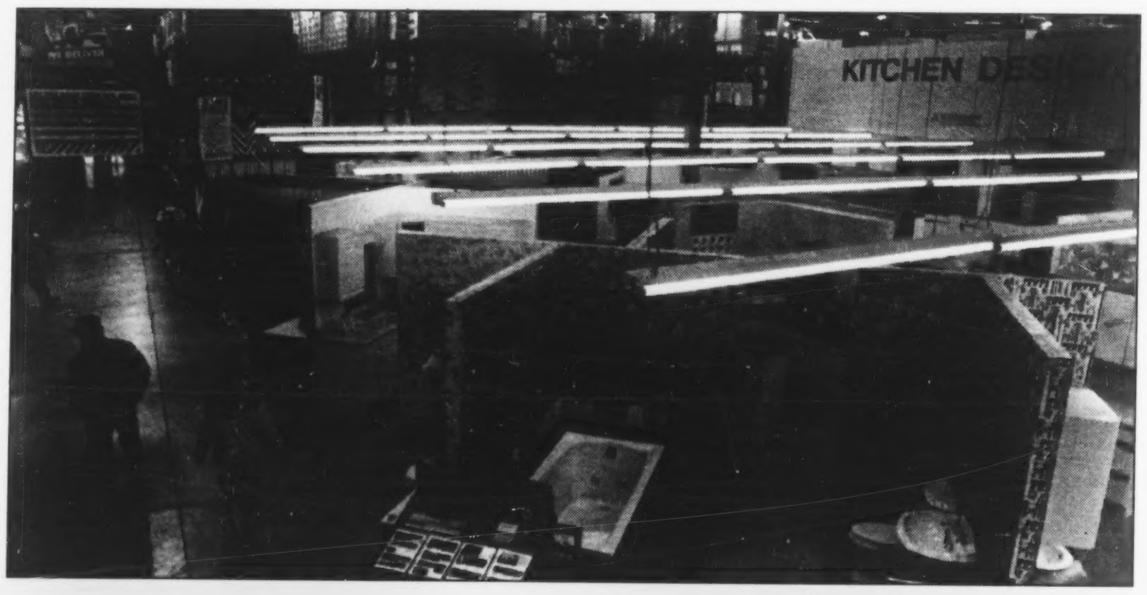
And the biggest guys are about the only companies that are multiplying. Home Depot, by far the industry's largest and most profitable retailer, added 29 stores in 1991 and gave all signs that it's ready to break out of its 15-state market and initiate major expansion drives in the Northeast, the Pacific Northwest and the Midwest.

HomeBase, which changed its name from HomeClub to remove the baggage that a membership club carries with some consumers, opened only seven stores last year. But one of them was in Toledo, Ohio, its first penetration into the Midwest, which now is going full bore with five huge units that opened in the Chicago suburbs last month.

This entry into new markets will continue this year, as Home Depot has already announced its intention to add 25 percent more stores each year through 1996. Builders Square proved to everyone that it could finally make money, and plans to open 24 more stores in 1992—an effort that would increase its store count by 16 percent in one year.

(A fuller analysis of what each of the top 20 chains did in 1991 can be found on pages 22 through 34.)

Home Depot's performance dominates '92



NHCN photos

The warehouse formula *has served industry giant Home Depot (top) and major player HomeBase well, and both chains have ambitious expansion plans.*

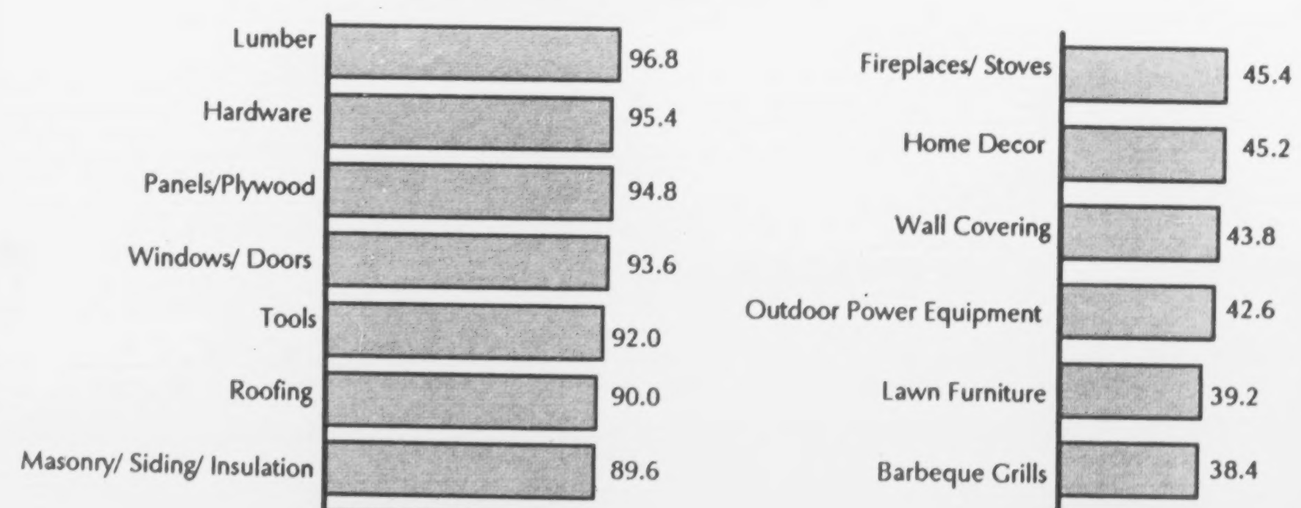
The industry stalls, again

All this expansion could conceivably be absorbed by an industry that was growing itself. But the home improvement industry has been stuck in neutral now for three years: Commerce Department estimates show that the amount of sales generated by building material and hardware stores really hasn't gone up since 1989. The sales of the top 500, though, increased by 5.7 percent to just under $40 billion.

This situation has been exacerbated by rising unemployment, particularly among white-collar workers, many of whom own homes and constitute a sizable chunk of this industry's customer base. A moribund home building sector, which hit depths last year that hadn't been touched since World War II, took its toll on independents and chain operators alike, especially in Southern California and New England, which are now paying for their profligacies in overbuilding and home price inflation during the 1980s.

Which Stores Carry the Top 30 Products?

(% of the top 500 retailers)



NHCN research and charts

Two symbols of the economic deterioration in these areas were Chandler Lumber in Van Nuys, Calif., whose three stores get 95 percent of their sales from contractors and remodelers and whose sales fell to $35 million from $64 million last year as a result of the recession, according to general manager Bob Erskine; and the 13-unit Gerrity Lumber in Newton Upper Falls, Mass., which gets 60 percent of its sales from pros and watched its sales plummet by 41 percent to $83 million.

For a lot of companies, all this was too much: The liquidation list was surprisingly long last year, and included the Mr. Goodbuys warehouse chain, James Lumber in California, Gee Lumber in Chicago, Robertson Cos. and Lampert Lumber (for all intents and purposes) in the Midwest.

Other debt-laden dealers, such as Pay 'N Pak, Busy Beaver and Channel, went into Chapter 11.

Texas back in the saddle

All that being said, however, the home improvement industry remains alive and surprisingly well, even if it coughs every so often and limps noticeably after its decade-long sprint.

For instance, take a look at Texas, a state synonymous with the recession throughout most of the 1980s. The San Marcos-based McCoy's Building Supply Centers, one of this industry's regional powerhouses, added three stores last year, increased its sales by 13 percent and plans to open another five units in 1992.

Foxworth-Galbraith, headquartered in Dallas, remodeled six of its 46 stores and increased its revenues by 28 percent. Even Houston's West End Lumber, whose three stores get 90 percent of their business from builders and remodelers, bumped its sales up by 53 percent to $40 million.

Despite the expansion by chains with designs on operating stores from coast to coast, many of this industry's regional players gave robust performances. Menard Cashway, maybe the one retailer that could give Home Depot a run for its money, broke into the Chicago market last year and grew by 21 percent to $965 million in sales.

Wolohan Lumber in Michigan, despite having somewhat of an off year, cracked $300 million in sales for the first time. The 73-store Ernst Home & Nursery in Seattle and the 38-store Central Hardware in St. Louis each engaged in store remodeling campaigns

(Continued on page 20)

Retail Scoreboard is industry's most comprehensive census

This year, *NHCN* has assembled the industry's most comprehensive listing of retailers.

With extensive research assistance from *Chain Store Guides*—a division of this newspaper's parent company, Lebhar-Friedman—*NHCN* has expanded its Retail Scoreboard to 500 companies.

In addition, separate charts track the performance of 55 leading paint store operators, 19 leading hardware store retailers and 28 leading farm and fleet stores—all of which home centers compete against in many markets.

Except where indicated, officials from all of the companies that are listed in these charts were contacted by fax or by telephone over a six-week period from March through mid-April. In addition, about 10 to 15 percent of these retailers were re-called to verify information that was received by the researchers and to get comments for specific stories.

New twists to this year's Scoreboard include a tabulation, by product category, of what merchandise the top 500 retailers are carrying. And for the first time, we asked retailers what percentage of their work force is part time, whether they have a garden center or nursery in their stores, if they use POS equipment and whether or not their stores offer customers a private label credit card.

Figures were rounded off to the nearest $1 million. Ties between companies were broken by their respective DIY sales percentages, highest going first.

The averages at the bottom of the chart for square footage and skus were arrived at by multiplying each company's average count by its number of stores to reach a total for each chain. (This number doesn't appear on the chart.) We then totaled this column and divided it by the number of stores to gain an average for the number of stores that are listed on the chart.

To get the average DIY sales percentage, each company's revenues were multiplied by its percent of DIY business to arrive at a dollar figure for DIY sales. The sum of these numbers was then divided by the total sales in order to calculate the average percent of DIY business for the entire list.

In the coming weeks, *NHCN* will alert its readership about the availability of this data resource, as well as more extensive information by company, on computer disk.

Retailers redefine their role in the marketplace

(Continued from page 18)
and enjoyed 11 percent sales gains.

Remodeling key for many

Some would argue that these companies were exceptions in what, for many other dealers, was a dismal year of meager sales and profits. It is perhaps more useful, then, not to look at one's rearview mirror to ogle last year's car wreck, but instead to peer through the windshield and see clearer driving for 1992 on a road that, in 1991, got repaved.

A tremendous number of retailers told our researchers that they remodeled some or all of their stores in 1991, often out of a sense of urgency.

For example, Somerville Lumber in Massachusetts, which is under siege right now from Home Depot and HomeQuarters Warehouse, remodeled all 10 of its stores in 1991. Fox Home Centers in Chicago, another hotbed for chain expansion, remodeled all four of its stores last year.

Many companies are also trying to get more out of what they already have without building new units. The most publicized example of this trend is Lowe's Cos., which is working furiously to convert its smaller stores—blamed for dragging down the chain's earnings last year—into 65,000-square-foot units. Payless Cashways has torn down the walls separating its stores' showrooms and warehouse areas, enlarging the selling space to as much as 80,000 square feet.

The relationship between remodeling and increased sales was validated throughout the industry last year. Star Lumber in Wichita, Kan., remodeled all four of its stores last year and saw its sales grow by 11 percent; Star's neighbor, Westlake Hardware, based in Lenexa, remodeled three of its 51 units last year, which contributed to its 8 percent sales gain.

Great Plains Supply, the Roseville, Minn.-based lumberyard chain, managed to increase its sales volume by 21 percent, even though it *closed* five stores in 1991. The reason, according to company president Michael Wigley, is attributable to its remodeling efforts.

NHCN photo

Rickel is boosting *its appeal with clean, bright, user-friendly stores.*

A 'post-warehouse' fervor has taken hold of the industry's remodeling and promotional efforts.

"We invested around $1 million in new facilities last year," stated Wigley, who pointed to a major expansion of one store and expansion of another unit's outside buildings, as well as "some remodeling and remerchandising of a dozen other locations."

'Post-Warehouse' look emerges

Some of these changes went way beyond new paint and refixturing. Quite a few companies were trying to alter their entire image with consumers.

For example, Jaeger Lumber in Union, N.J., is in the process of completely changing its stores' merchandise mix to appeal more to contractors and remodelers. Lowell Jaeger, the company's president, told *NHCN* earlier this year that this action was necessary in a market that will soon be overrun by Home Depots.

A "post-warehouse" fervor has, in fact, taken hold of the industry's remodeling and promotional efforts.

What this means, though, isn't all that clear. For Eagle Hardware & Garden, it's 100,000-square-foot stores that focus on home decor and customer services; for Channel, which came out of bankruptcy last month, it's developing "neighborhood convenience stores"; for its neighbor, Rickel Home Centers, it means having large units presented as cleaner, better lighted and less intimidating than a typical warehouse unit.

Not all these post-warehouse concepts are viable, of course; Pergament Home Centers discovered that when it opened, and then closed in less than a year, its six Rooms 'N Lights specialty outlets. Builders Express, with high hopes of operating warehouse stores for towns with fewer than 175,000 people, closed its doors a few months ago.

And one must consider that Home Depot developed its own "post-warehouse" unit when it opened its Expo store in San Diego, a unit that devotes half of its space to elaborate vignettes for kitchen and baths and home decor.

As retailers redefine who they are in this market, they now appear ready to advance as the economy finally shows some signs of recovery.

Poised for growth

For some companies, growth will come from acquisition, as it did for Brookhart's in Colorado, which last year bought three Burkey Lumber stores and increased its sales by 60 percent to $40 million.

But the warehouse companies aren't the only ones poised to open new stores. Builders Emporium is one chain that, over the past two years, has changed its whole focus away from building products and toward "core" categories such as paint, tools and lawn and garden. Ten of its 106 stores were remodeled to reflect that image, and now, after several years of retraction, the Irvine, Calif.-based BE says it will open seven stores in 1992.

New stores are not in the cards for most retailers, however. So sales will have to come from existing units, and dealers were buoyed by this year's first quarter results that didn't make them want to jump out of a window.

Great Plains Supply's sales in March rose by 33 percent, and its same-store sales jumped by 42 percent, said Wigley.

"Our first quarter was up 12 percent," noted Ken Franke, vp-treasurer of Riemeier Lumber, which operates a single store in Cincinnati. "There seem to be more housing starts going up; business has gotten a lot better."

But after more than two years of being hit over the head by the economy, dealers can't get too excited about one quarter's blip upward.

"Sales are up a little bit in the first quarter, but we're a little uneasy about whether this is a bubble," said Bob Goodale, vp-treasurer for Riverhead Building Supply, a four-unit operator on Long Island, N.Y., a market that has been mired in a deep recession.

"It's very tough here right now," said Goodale, whose company's sales dropped by 9 percent last year. "But we'd like to think we're doing pretty well, all things considered."

Home Depot pulls further ahead of pack

HOME DEPOT
1991 Sales: $5.1 Bil.
1991 Stores: 174

ATLANTA — Last year, Home Depot, according to the *Forbes 500*, was the country's 180th largest company in sales, 156th largest in profits and 45th largest in terms of "market value," at $13.8 billion.

These rankings, while impressive, still don't do justice to the stature Home Depot achieved as it widened the distance—both in sales and, more important, psychologically—between itself and the rest of the home improvement industry.

As that industry's largest and most visible company, Home Depot took leadership positions in a number of areas last year:

- Late in the year, it began informing vendors that their business with the company would be jeopardized by faulty bar coding;
- It expanded its "Store Productivity Improvement" program—in which stores were relayed and merchandise was received and stocked at night so employees can concentrate on customer service during working hours—to 49 stores. All new units and 32 existing stores will get some form of SPI in 1992;
- The company began implementing a number of environmental initiatives last year that included evaluation of claims by vendors, as well as packaging disposal at the store level.

In 1991, Home Depot, which operated in 15 states, began filling in some markets. Twenty of the 29 stores it opened "cannabalized" sales from other stores. Of the 40 stores the company plans to open this year, 31 will cannabalize older units, many of which are generating more business than they can physically handle.

The chain also began extending its tentacles into new areas. It opened its first stores in the Baltimore market, intruding directly into Hechinger territory. It announced its plans to invade Seattle, its first push into the Pacific Northwest.

As its expanded, the company also subdivided: It opened divisional headquarters in Tampa, Fla., and Plainfield, N.J., each with its own president. (The Northeast division is being moved this year to Somerville, Mass.)

This year, it opens a real estate office in Chicago that will lay the groundwork for its first two stores in the Midwest, scheduled to open in 1994.

But Home Depot became more than just the sum of its new stores last year. In San Diego, it opened Home Depot Expo, an experimental unit in which half of the selling square footage is devoted to elaborate home decorating vignettes. Successful elements of this unit, which has been characterized by company officials as a "lab" and a "free-for-all," will be rolled out chainwide (such as wider assortments of carpeting, industrial hardware, garden plants and appliances).

Expo was one of the first Home Depot stores to experiment with installed sales, a program that will be extended to six markets in 1992.

More recently, the chain began working with certain vendors to begin receiving merchandise on "slip sheets" as a way to eliminate pallets that usually get disposed into landfills.

This year, Home Depot will roll out its electronic data interchange program with vendors, an area company officials admit that the chain has been lagging in.

Lowe's period of transition is continuing

LOWE'S COS.
1991 Sales: $3.1 Bil.
1991 Stores: 306

NORTH WILKESBORO, N.C. — Lowe's Cos. continued to shed its smaller stores in favor of 65,000-square-foot-and-larger boxes in 1991. But the sluggish sales from these 123 smaller units were blamed for hampering the chain's earnings performance.

Overall sales improved by 7.9 percent to more than $3 billion, which placed the company second to Home Depot in revenues. But profits declined by 91 percent to $6.4 million.

At a meeting before Wall Street analysts last December, Lowe's chairman, Robert Strickland, said the company probably has another two years' worth of repositioning to go before it realizes its goal: to be a chain that operates big stores in small towns the way Wal-Mart does in the discount general-merchandise business.

But for the moment, Lowe's remains in the thick of this transition. Besides closing, relocating and expanding several stores, the company began pruning some of its vendors and fine-tuning its merchandise mix so that it conformed with the company's move toward everyday low prices.

Nevertheless, in its larger stores, Lowe's is stocking a third more skus than it did a year ago, according to spokesman Tom Smith.

At the same time, Lowe's merchandise managers, under the direction of executive vp Robert Tillman, are expanding the mix in lawn and garden hardlines and some segments of home decor: RTA furniture, wall and floor coverings, window treatments and decorative hardware are getting greater space in the remodeled and new stores.

Lowe's in 1991 made some investments in streamlining the back office. UPC scanners were installed in the balance of its 306 stores; back room scanning systems should be installed chainwide by the end of this spring. Also, seven of Lowe's vendors are testing a pilot electronic data interchange program that will enable them to record sales reports in real time.

Lowe's also invested in a satellite communications system to link its stores to the home office. The company so far has used the system to broadcast addresses from the chairman as well as sales training courses.

These developments forced the company's expense line to bloat by over 20 percent in 1991. But management is betting that the payoff can more than make up for the outlay in the next couple of years.

Payless pares debt, prepares to go public

KANSAS CITY, Mo. — Payless Cashways prepared itself last year for its re-entry into the publicly held domain in 1992.

PAYLESS CASHWAYS
1991 Sales: $2,390 Mil.
1991 Stores: 195

The 195-store chain last year paid off large portions of its bank debt from its 1988 leveraged buyout by management through a combination of working capital prepayments and real estate mortgage financing.

In the retail marketplace, Payless was able to boost sales with its "shift-right" strategy toward contractors and tradesmen. In the last year, Payless got about 40 percent of its revenues from these customers. Another indication of this shift found the company generating 44 percent of its sales from lumber alone.

Another element of this strategy found Payless knocking down the barriers in its stores between showroom and adjacent warehouse space, creating selling areas that ranged to 80,000 square feet.

The company hit a record one-week-high sales mark last May with $57 million in sales prior to Memorial Day.

The company's income, before taxes, interest and debt payments, rose 5.7 percent to $197.2 million, and, overall, the chain's margins were up.

But Evan Mann, an analyst with Dillon, Read & Co., noted that Payless' margins went down by more than half a percent through May because of the weakness in the Northeast's economy and a slow start with the new 589,000-square-foot distribution center in New England servicing its 10-store Somerville Lumber subsidiary (whose sales rose by 2 percent to $244 million last year). Mann said the center wasn't pushing out a sufficient volume of products to cover its costs.

Payless' bonds were attractive last year. Masco Capital Corp., a subsidiary of the manufacturer and supplier to the home improvement industry, sold its $168 million lot of 16 percent Payless bonds for $290 million last December to broker and underwriter Merrill Lynch.

Masco bought the bonds as part of the 1988 LBO. Merrill Lynch is one of the underwriters of Payless' 1992 initial public offering.

The $335 million worth of Payless' high-yield bonds, offering a face value of 14.5 percent, were yielding 20 to 26 percent last year.

Repositioning builds Builders Square profits

BUILDERS SQUARE
1991 Sales: $2.1 Bil.
1991 Stores: 150

SAN ANTONIO — Builders Square repositioned itself in 1991 to target more women customers and sell higher-margin items. This, together with tighter operations, helped the company improve profitability and sales. Sales increased by 8.5 percent in 1991 to $2.05 billion.

The warehouse company closed stores in unprofitable markets, like Atlanta, where it operated four units and was overwhelmed by Home Depot. It also withdrew from the Los Angeles market, where it had three stores quite distant from each other.

Instead, it focused its store opening strategy on key areas, like northern New York state, debuting in Buffalo and Syracuse, and ending the year with 150 units.

In 1992 it will take the warehouse format to rural markets like Fargo, N.D., where there is little competition. Overall, the company expects to open another 24 stores this year.

Last year the company began building larger stores, of 100,000 square feet, to fit in an expanded merchandise assortment and new decor center and to improve the efficiencies of its operations. As it targeted an expanded customer base, it also began opening in more visible locations like strip centers, often with other divisions of K mart, its parent company.

Last July, Builders Square opened a 10,000-square-foot Decor Center inside its new Erie, Pa., unit, in which design consultants help customers coordinate projects. The Center will enter a new phase in 1992, doubling in size and moving to the center of the store when Builders Square opens a new unit in the Miami market.

In its search for more-profitable items, Builders Square added more special-order merchandise and 2,500 more skus. These additions boosted the electricals, lighting, plumbing and power tool departments.

(Continued on page 26)

(Continued from page 22)

It invested in a satellite network for data and video links between individual stores and the head office, and relocated its corporate headquarters from its original flagship store to more spacious quarters in Datapoint Park here.

Hechinger, in big overhaul, boosts sales

HECHINGER
1991 Sales: $1.6 Bil.
1991 Stores: 116

LANDOVER, Md. — Hechinger Co. maintained its ranking as the fifth largest home center chain, finishing 1991 with strong sales that rose 15.6 percent to $1.6 billion.

It was a dramatic year in which the company repositioned its 83-store Hechinger division. After 80 years, it launched a new concept called the Home Project Center store, which debuted in Glen Burnie, Md. Hechinger soon began converting all its traditional units to this format. By year-end it had eight project stores in operation.

These highly focused project stores, with their expanded product mix and deeper in-stock position, generated 40 percent more sales than the traditional units. In this way, Hechinger hopes to generate more cash flow per store to fuel the expansion of its Home Quarters Warehouse division.

But 1991 was also a year that began disastrously. Hechinger's first quarter sales plummeted 11 percent due to the impact of the Persian Gulf war. Over two-thirds of its units are concentrated in strong military areas, like Virginia Beach, Va.

The company scaled back its growth and opened only seven HQs, four of which were former Hechinger stores. These conversions were strategically placed in the North Carolina market and strengthened its position against Lowe's.

Meanwhile, its HQ stores in the Northeast were breaking company sales records, and, with its commitment to grow through its warehouses, the company closed outlying Hechinger units, like its Newington, Conn., unit and stores in Charlotte, N.C., where HQ serviced that market.

Among its many cost-cutting moves last year, Hechinger dissolved its trucking fleet, replacing it with common carriers; increased its use of cross-docking; and installed a $500,000 in-house publishing system to produce its own print ads.

Fast growth in West, Midwest for HomeBase

HOMEBASE
1991 Sales: $1.4 Bil.
1991 Stores: 75

FULLERTON, Calif. — HomeClub is now HomeBase. It's that simple.

HomeBase's new, "It's that simple" television advertising campaign introduced the new name to consumers in April, when the company opened its five Chicago units and changed the identity of the rest of its stores.

Company president Jim Halpin said "Club" was too confusing for customers, many of whom still associated the chain with membership warehouse stores. In changing the name, the company kept the same HomeClub look and colors, but added a new tagline to the logo: "America's Best Home Improvement Warehouse."

Throughout last year and the first quarter of 1992, HomeBase not only changed its store name but also rapidly expanded, with the opening of 15 stores in Chicago and on the West Coast.

Besides one Toledo, Ohio, unit, which opened in 1991, the five Chicago stores represented HomeBase's first major push into the Midwest. A company spokesman said Chicago residents jammed into the stores during the April 25 to 26 grand opening weekend. Besides opening the new units, HomeBase has established a Midwest regional office, located at the 150,000-square-foot unit in Calumet City—the chain's largest store.

Looking ahead, the company plans to continue expanding and expects to open eight new stores as well as complete renovations on 24 stores in California.

Recently, the company opened a store in Washington that skirts the Canadian border, which has some retailers to the North concerned that HomeBase may be looking to make a move into Canada sometime soon. The company has given no indication that such a move is in its plans.

Menard's eyes rapid move into Chicago

MENARD'S
1991 Sales: $965 Mil.
1991 Stores: 60

EAU CLAIRE, Wis. — Menard's, the upper Midwest's strongest retailer, closed in on $1 billion in sales last year and introduced an entirely new format as it entered untried markets.

Long rumored to be entering Chicago, Menard finally made its intentions clear last year.

With a new store called Menard's Hardware Plus, the chain entered suburban Chicago last fall. President John Menard stated he would have as many as 12 such stores in the Chicago metropolitan area by the end of 1992. No stores will be built inside the city itself.

Menard's also announced that it had plans for entry into new markets in Michigan and Indiana.

The Hardware Plus concept typifies a new era for Menard's in an era when build-to-suit locations are scarce and expensive.

When it entered metropolitan Chicago, for example, Menard's took over former K mart and Ames discount stores.

In the Menard's Plus stores, building materials, one of the chain's strengths, were all but eliminated from the product mix. Hardware Plus, which debuted last summer in Escanaba, Mich., offered just a few stockkeeping units of lumber and no gypsum, insulation or roofing.

A typical Menard's and Menard's Hardware Plus both carry an estimated 40,000 stockkeeping units, not counting lumber.

Until all the results are in on Hardware Plus, Menard's continues to pursue its full-line approach: a 70,000- to 90,000-square-foot store with several acres of outside lumber and storage.

In 1992, the company said that it intends to open 20 stores and remodel another six.

Grossman's sees chainwide improvements

GROSSMAN'S
1991 Sales: $806 Mil.
1991 Stores: 139

BRAINTREE, Mass. — Coming off a year during which most of its focus was on defending itself against a hostile takeover bid, Grossman's Inc. returned in 1991 to the business of operating its 140 Northeastern and Pacific stores.

Tough economic conditions forced the company early in the year to close 15 stores: the 11 Inside Outlets and four other Grossman's stores. Within two months, though, the company rolled out its new prototype, in Danvers, Mass.

The 48,000-square-foot store served as a laboratory in which Grossman's experimented with store layout, category adjacencies and overall presentation. The idea behind these exercises: To communicate in every way that Grossman's serves the serious DIYer and small-volume remodeler/contractor.

Efforts concentrated on beefing up the following categories: lumber, building materials, millwork, hand and power tools and accessories, electrical, paint and plumbing. It also added space to the contractor service area, installed cantilevered racking in the drive-through lumber area and, eventually, began covering those yards.

President Bruce Weitz and vp-merchandising Anthony Cincotta supervised a major overhaul of lumber sources. They and their merchandise managers also worked aggressively to impress upon vendors the importance of reliable fill rates, accurate UPC listings and a generally enhanced level of cooperation.

To that end, Grossman's upgraded its in-store receivables departments with UPC scanning technology and instituted 24-hour replenishment crews to free daytime associates to serve customers more often.

With Danvers up and running, management began reworking stores in the rest of the chain, using elements of the lab store as a guide. Grossman's tested the concept with five stores throughout its Eastern division, then rolled it out this year to 20 more units.

Meanwhile, the Western division, under president Frank Lynch, saw some changes of its own.

Moving its headquarters from Ventura to Sacramento, Calif., the division opened its seventh store adjacent to the new home office in mid-1991. This is the first northern California unit the division has opened since Grossman's Inc. sold 28 central and northern California stores to GNW Partners two years ago.

To avoid confusion among consumers, Grossman's calls its stores in this market Contractor Warehouse. Grossman's plans to take the format into Nevada in 1992.

Cash-rich 84 embarks on rapid growth

84 LUMBER
1991 Sales: $800 Mil.
1991 Stores: 368

EIGHTY-FOUR, Pa. — With little debt and plenty of cash, 84 Lumber embarked on an expansion campaign that few other privately held home center chains were able to do in 1991.

The chain opened 26 new 25,000-square-foot stores last year, nine short of the budgeted 35. New stores were unveiled two or three at a time per month, as part of chairman Joe Hardy's plan to open 200 more units by the turn of the century.

Accompanying the store expansion was a remerchandising program spearheaded by then-chief operating officer Jerry Smith and former vp-marketing Ron Butler. (Butler now works for Payless Cashways, and Smith is now a regional vp.) The program eliminated about 1,000 skus of peripheral products, leaving 4,500 skus of core lumber, building materials, hardware and tools.

But 1991's poor economic climate took its toll even on cash-rich companies like 84. At the end of the year, the company experienced skyrocketing payroll, delivery and other overhead expenses. As a result, the company is ratcheting back its store expansion plan for 1992, when it will open 15 stores instead of 35.

(Continued on page 28)

(Continued from page 26)

The concentration this year in terms of marketing will be on the cause of affordable housing for prospective first-time home buyers who are marginally able to secure a mortgage.

Chairman Hardy wants the chain's image to be linked with providing starter homes for that sector of the market. A new building materials-package sale, called the "84 Lumber Homes Across America program," features 16 complete framing and trim packages for basic starter homes, ranging in price from $39,900 to $69,900 (*NHCN*, May 11).

Sutherland trims stores; sales edge up

SUTHERLAND LUMBER
1991 Sales: $792 Mil.
1991 Stores: 80

KANSAS CITY, Mo. — Sutherland Lumber had a quiet year in 1991, a status quo year for this privately held firm.

The chain of 80 stores opened two units last year and closed five, according to the company.

Sales were up 2 percent to $792 million last year. Those figures are for Sutherland's entire retail operation, which is divided among four family members. The chain's sales increases over the last three years have slowed due to economic conditions and competitive pressures.

To upgrade its image, the chain decided in 1991 to refurbish 14 percent of its stores in 1992. Although *NHCN* was unable to confirm it, these stores are probably run by family member Craig Sutherland, who has been the most aggressive of the Sutherland clan in upgrading the units under his control.

Wickes sells units, changes top executives

WICKES LUMBER
1991 Sales: $750 Mil.
1991 Stores: 141

VERNON HILLS, Ill. — Wickes Lumber's senior management got reshuffled in 1991 as the chain here sold off or closed stores to streamline operations and reduce operating expenses.

Sales at the national chain were down last year, and Wickes is, in all likelihood, still laboring under the weight of debt from its 1989 leveraged buyout. (Company officials don't comment on its indebtedness.)

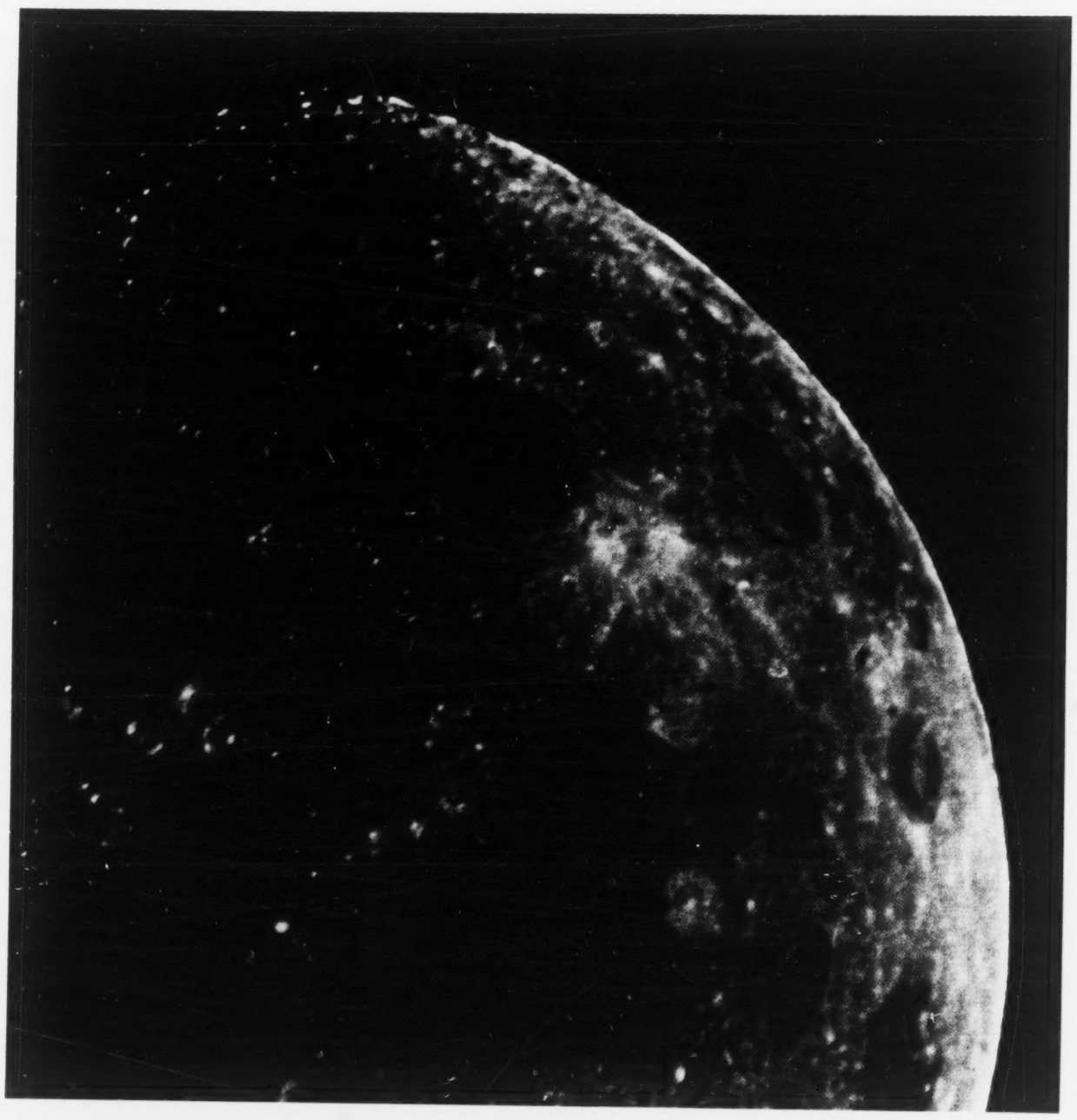
In an attempt to pay down some of that debt, Wickes sold off a 32-store chunk in the Southeast to a start-up company, the ill-fated Leeds Building Centers. Leeds filed for Chapter 11 bankruptcy protection last year and still owes Wickes money for that acquisition.

In addition, Wickes closed a number of regional offices last year and consolidated buying functions in Chicago.

Wickes continued its downsizing early in 1992 by closing another 14 stores. It opened four units, according to company reports, and intends to remodel 23 units in 1992.

There were changes in senior management last year.

Phil Chrusz, an executive with Ames Department Stores and Grossman's who joined Wickes as its president, resigned last summer shortly after a year of service at the Illinois-based national chain.



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Chrusz was in the process of implementing plans to wrest DIY-product selection and ordering from the mainly contractor-oriented stores when he left. Observers said his hands-on style wasn't well-received at the store level.

Later in the year, chairman and ceo Bill Hensler stepped aside to leave day-to-day management of the firm to an executive council.

Without a president and ceo as such, Chicago investor Steve Wilson took over as ceo. Wickes is owned by a number of investors, following its 1989 buyout from the Wickes Cos. in California.

BE remodels and adjusts merchandising

BUILDERS EMPORIUM
1991 Sales: $600 Mil.
1991 Stores: 106

IRVINE, Calif. — Last year was a time of change for Builders Emporium, which remodeled several California stores and its Las Vegas Ole's units.

Using its Fountain Valley, Calif., store as the test unit, BE began rolling out several merchandising changes to California stores in Mission Viejo, Pasadena, El Toro, Costa Mesa, Oxnard and two stores in Bakersfield; and to four Ole's units, designed to look like the company's new Las Vegas store.

These stores have a vast selection of decor items, housewares, kitchen and bath accessories and picture frames, as well as tools, hardware, electricals and plumbing.

The remodels in both California and Las Vegas focus heavily on convenience items and products to help spruce up a home. And by changing the mix, BE focused on creating a new image as a friendly, neighborhood convenience store, not a project store.

To help convey this message, the chain launched its first broadcast advertising campaign in four years. The commercials, which began airing in March, emphasize the chain's vast in-stock selection, customer service and pleasant shopping environment.

The ad spots also point out that shopping for a project can be a tedious task. But, say the ads, if consumers shop at a BE, they will find what they need without making shopping for a project a project in itself.

By year-end, BE plans to remodel another 18 to 20 stores. It also plans about eight new stores, mostly in small markets in Nevada and Arizona.

Scotty's keys in on upgrading, consolidation

SCOTTY'S
1991 Sales: $600 Mil.
1991 Stores: 158

WINTER HAVEN, Fla. — It was a year of consolidation at Scotty's, which reported flat sales of $600 million from 158 stores in 1991, consisting of 110 full-line home centers and 48 hardware stores.

Scotty's continued to upgrade both types of stores, closing smaller units and relocating others, so by year-end it had seven fewer units.

It rolled out its new format to existing units, expanding its product lines and key departments of power and hand tools, kitchen, bath and paint. These stores also featured a stronger in-stock presentation of building materials and a

(Continued on page 30)

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Circle 014 on Reader Service Card

(Continued from page 29)

drive-through yard to improve service for the serious DIYer and professional customer.

offers a good-better-best selection with an estimated 200 stockkeeping units.

Handy Andy also "encapsulated" the power tools offerings within U-shaped departments, many with their own checkout stations.

Handy Andy opened three stores in the Chicago suburbs last year, refurbished two and opened its first unit in western Michigan.

The new stores—in Wheaton, Westmont and Arlington Heights, Ill.—were all former retail operations, as was the store in Kalamazoo, Mich.

President Steve Kadish said the new stores' look evolved from three stores opened in late 1990 and early 1991 in Aurora and Naperville, Ill., and Flint, Mich.

Kadish said assortments would be expanded and there would be "greater depth" in certain areas but declined to be specific. Each store would have an Xtra department, containing accent and home decor merchandise.

Scotty's

Scotty's dense network of stores in Florida offers the professional and serious DIYer a convenient place to shop, and the chain may well develop more contractor sales next year. But the Florida market is becoming increasingly competitive, as Builders Square and Home Depot roll out more units and challenge Scotty's established position.

The creative use of advertising and special-event promotions helped Scotty's boost store traffic at a time when the economy was in the doldrums. A print and radio campaign in June and again in October promoted a one-night sale offering discounts of 15 percent on items in its stores.

Bernstein Rein, the chain's Kansas City, Mo.-based ad agency, produced fast-paced TV spots that not only promoted Scotty's strengths in categories like paint and tools, but also were tied to massive giveaway promotions.

As Scotty's continued to improve the efficiency of its operations, it began leasing trucks for the first time from the local Auburndale, Fla.-based company, COMCAR leasing.

Innovation is the watchword at Handy Andy

HANDY ANDY
1991 Sales: $500 Mil.
1991 Stores: 56

SCHAUMBURG, Ill. — Handy Andy Home Improvement Centers showed off some new looks in its stores last year.

The company, which is the Chicago area's leading retailer, did some innovative things in its stores. It carved out an area for DIY books, magazines and instructional videotapes—complete with bleachers for consumers to sit and study the texts—in several stores.

It also tried out a leased telephone and telephone accessory department in one Chicago-area location. Called Communicate at Handy Andy, the 330-square-foot area near the entrance to its Arlington Heights, Ill., store,

Lanoga builds Lumbermen's and UBC chains

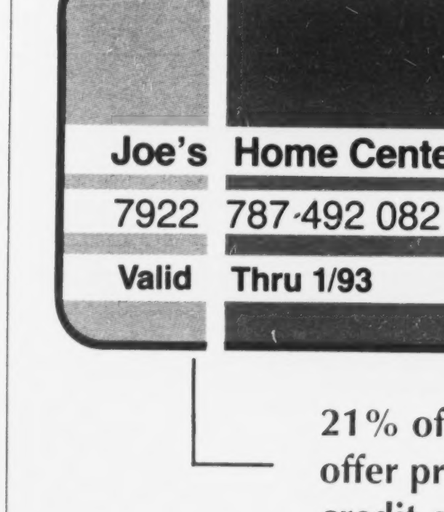
LANOGA CORP.
1991 Sales: $462 Mil.
1991 Stores: 137

REDMOND, Wash. — Lanoga Corp. managed to expand two of its three chains by purchasing a small Northwestern dealer as well as several units from a bankrupt Midwestern company.

Lanoga—the parent company of Lumbermen's in Washington state, Spenard Builders Supply in Alaska, and United Building Centers and Fish Building Supplies in the Midwest and Rocky Mountain states—acquired the Tacoma, Wash.-based Al Meier's Building Centers chain and bought 15 units from Lampert Lumber, the St. Paul, Minn.-based chain that filed for bankruptcy protection last June.

The Al Meier's acquisition, which was consummated in February 1991, gave the 14-unit Lumbermen's chain six new stores located just south of the original units.

The 15 Lampert stores increased the total number of United Building Centers to 110, 13 of which are located in new markets for the contractor-oriented chain.

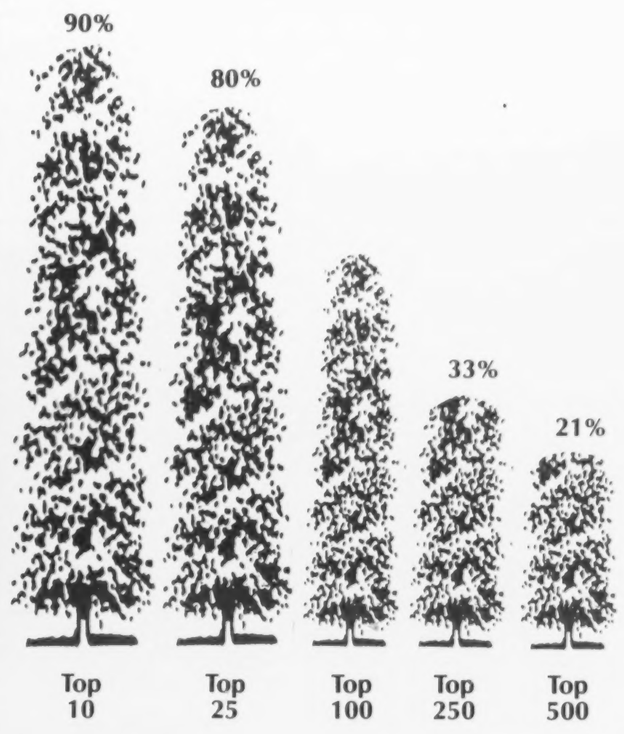


President Daryl Nagle

After both deals were reached, Lanoga's ceo and president, Daryl Nagel, said Lanoga was interested in both companies because the new stores were a lot like Lumbermen's and UBC units. In addition, he pointed out that the new stores were a nice strategic fit and allowed the two chains to expand in regions where they already had strength.

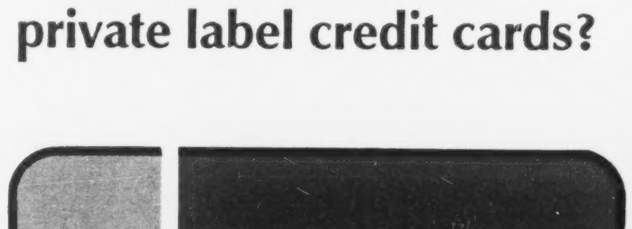
Lanoga Corp. concentrated on converting both the Al Meier's stores and Lampert stores, although none of the company's three chains opened any of their own new stores last year.

Do your stores have nurseries/garden centers?

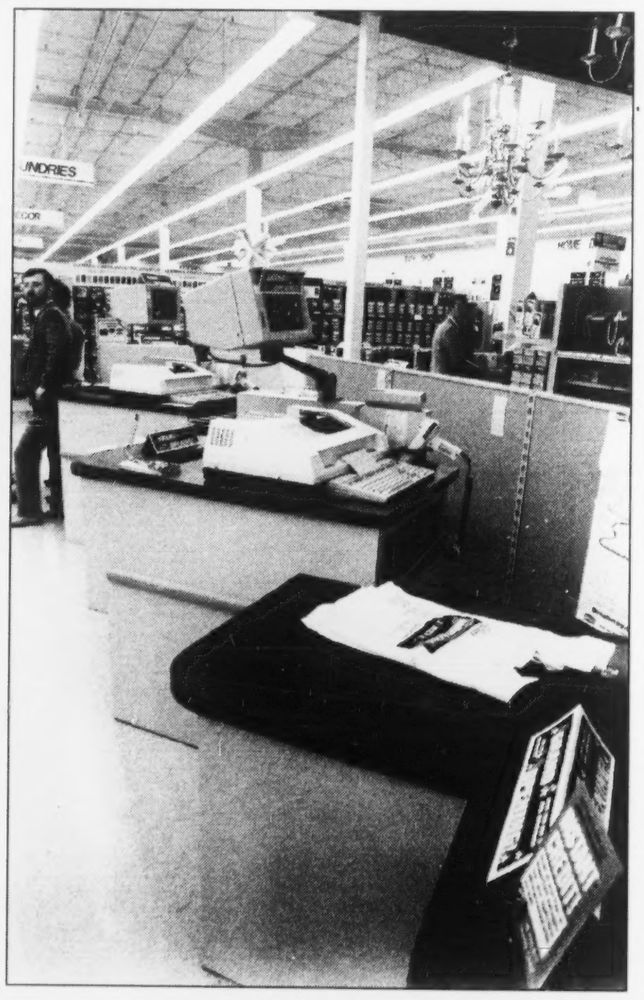


FAST FACTS

Do your stores offer private label credit cards?



21% of the Top 500 offer private label credit cards



Positive steps aid Pay 'N Pak in Chapter 11

PAY 'N PAK
1991 Sales: $410 Mil.
1991 Stores: 68

KENT, Wash. — Pay 'N Pak battled through a tough 1991, filed for Chapter 11 bankruptcy protection in September and closed several stores.

The beleaguered chain, which operated 102 stores in

(Continued on page 34)

PAY 'N PAK

(Continued from page 30)
1990, spent the better part of last summer haggling with its bondholders and bank lenders over nearly $13 million in debt and missed interest payments. Even after the chain sold 24 of its California stores for more than $30 million, its lenders remained unconvinced that Pay 'N Pak would be in a position to pay back the debt.

So the company filed for bankruptcy protection and, in so doing, was fronted $40 million in working capital.

The chain initially used the money to purchase merchandise and subsequently to continue its remodeling plans.

To strengthen its overall financial performance, Pay 'N Pak sold its Hawaii unit and property to K mart, closed nine more stores in rural markets and restructured its top management. That restructuring in part was caused by the resignation of senior vp-merchandising Rich Takata, who now is president of competitor Eagel Hardware & Garden.

The store closings did not slow down the company's plans to finish renovating eight stores in the Puget Sound area of Washington. These remodels, formatted to look like the Puyallup, Wash., unit's "store with in a store" design center, opened in March. These remodeled stores include a staff of professional interior design consultants.

On another positive note, the chain launched a major advertising campaign and sent out 54-page, four-color circulars to publicize the new stores.

President Jules Borshadel

Parent helps Rickel get back on offensive

RICKEL
1991 Sales: $410 Mil.
1991 Stores: 40

SOUTH PLAINFIELD, N.J. — Amidst unfounded rumors of the chain's demise, Rickel Home Centers continued to do business, with some help from parent Supermarkets General Corp. (SGC).

Early in 1991, the parent secured $83.5 million in new equity from the sale of stock to its two biggest lenders: Merrill Lynch Capital Partners and Equitable Assurance Co.

Also, SGC sold off its Boston supermarket chain, Purity Supreme. Proceeds from that sale ostensibly were applied to shore up the failing Pathmark food chain, but some monies were earmarked for Rickel as well.

From a strategic merchandising standpoint, much of Rickel's activities concentrated on putting together a new prototype, which the chain unveiled in Union, N.J., this year.

Merchandise managers and store planning personnel, under direction of chain president Jules Borshadel and senior vp Tom Vertetis, revamped the merchandise mix, including 4,100 new items among a typical 30,000 skus. Line expansions came in paint, electricals, plumbing, hardware and tools, as well as home decor.

As they were preparing the prototype, Rickel management prudently decided to get out of the Long Island, N.Y., market completely.

Rumors resurfaced that Pergament Home Centers would buy Rickel's four remaining Long Island stores or that Rickel and its parent SGC would buy out Pergament. Eventually, Rickel sold the four stores to TJX Operating Cos., which runs the T.J. Maxx discount apparel chain.

Meanwhile, Rickel's advertising offices worked to raise the company's profile through clever television and radio ads that concentrated on spot sales promotions and on providing greater value than specialty stores. This year, the advertising focus is shifting to attack the warehouse chain concept.

Pergament, in difficult year, pulls through

MELVILLE, N.Y. — It was a tough year for Pergament Home Centers, as it battled the combined onslaught of the recession in its core market of Long Island, N.Y., and Home Depot juggernaut, which continued to penetrate deeper into Pergament's backyard.

PERGAMENT
1991 Sales: $355 Mil.
1991 Stores: 32

PERGAMENT HOME CENTERS

The company found itself in an invidious position of not having sufficient funds to execute a much-needed store opening program and advertising campaign to protect its market share. The increasingly weak economy made it difficult for the company to pay for those campaigns and meet its loan payments.

In six months, Pergament opened five megastores in the New York area—in Oceanside, Islandia and Valley Stream and two stores in Brooklyn. At the same time, it converted six smaller units into a home decor specialty format that it called Rooms 'N Lights. These have since closed.

In November, it obtained an additional $13.5 million loan to cover this store opening strategy. But this, together with other cost-cutting measures, was not enough. In February 1992, Pergament underwent a major financial restructuring to avoid bankruptcy.

Pergament enters this year on far sounder financial footing, having converted half of its long-term funded debt to equity and reduced its interest payments. It is also back on amicable terms with its vendors, having agreed to pay their trade debt in its entirety over the course of the next 10 months.

Succession still in doubt at Erb Lumber

ERB LUMBER
1991 Sales: $353 Mil.
1991 Stores: 50

BIRMINGHAM, Mich. — Erb Lumber chairman Fred Erb brought in another successor last year.

Dave Flynn, former sales vp at Michigan-based vendor Abitibi, was hired by Erb as executive vp and general manager to run the firm.

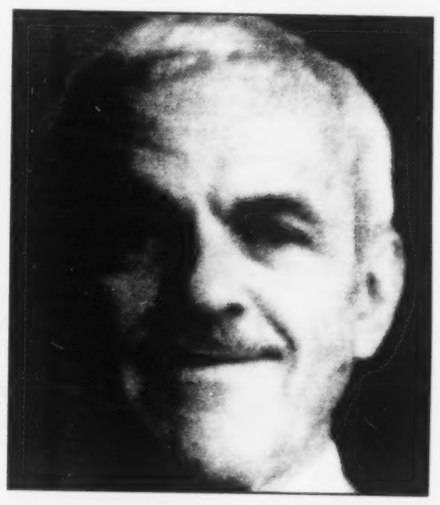
Noel Goulston, former Erb head and now a vp at Michigan distributor L.G. Cook, resigned from Erb unexpectedly last summer.

Goulston, a Grossman's home improvement chain alumnus, had been with Erb on and off since 1986 and was Erb's chief operating officer for 14 months.

Erb blamed himself for hiring senior managers who brought people presenting "cookie-cutter" approaches to retailing that weren't proven and for not looking inside the firm for a replacement.

Erb's other concerns last year were the economy and building activity: The chain garners 50 percent of its sales from building professionals.

The company, which operates 28 Erb Lumber units, 18 P-K Lumber stores and four DIY Warehouse units, saw its sales fall by $7 million last year. In addition, the company closed seven of 11 P–K stores in Dayton, Ohio.



President Fred Erb

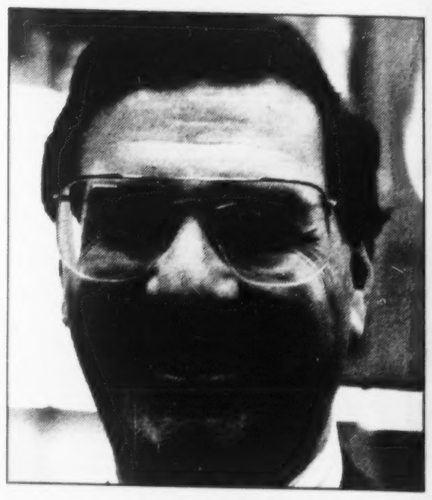
Last year, Erb Lumber reported that seven of these units were remodeled, and it plans to remodel another six to seven in 1992. A typical store is 10,000 square feet and stocks 10,500 skus.

Harcros makes improvements at Moore's

HARCROS LUMBER & BUILDING SUPPLIES
1991 Sales: $350 Mil.
1991 Stores: 65

ROANOKE, Va. — A perennially quiet performer, Moore's Lumber & Building Supplies managed to keep its sales in line with last year. Although it closed three units and let go 250 people, the company also embarked on a chainwide remodeling program.

A total of 13 outlets were remodeled either on the inside or the outside or both. Interior changes concentrated on expanding kitchen and bath and lighting departments, and on expanding the indoor lumberyard area that houses wood package programs for decking and other projects. Average in-store skus were pared down to 13,000 from 14,000.



President Norm Darrer

The outdoor changes included improved storage fixtures, shed additions, new racks and frames, enhanced oudoor lighting and improved thoroughfares through to the yards.

The chain's parent, the Harcros Lumber & Building Supplies division of the United Kingdom concern Harrison & Crossfield, decided in 1991 that Moore's and its sister chain, seven-unit Woodbury's in upstate New York, would operate solely under the Moore's name.

Under the reorganization, the marketing, administrative and advertising functions of both chains are to be handled from Moore's headquarters here. Purchase of commodities items local to Woodbury's are being handled from a satellite office, located at Woodbury's Glen Falls, N.Y., headquarters.

The company's marketing strategy subtly shifted in late 1991 and into 1992, as Moore's embarked on a two-pronged campaign to shore up its existing contractor base while enhancing its appeal to the DIY consumer.

Under the motto "Experience You Can Rely On," Moore's expanded its outdoor package program into two catalogs: one for sheds, garages, barns and room additions; and another for landscaping. The company's other programs, including Moore's Value Pricing on high-turning items, the new-homeowner's mailer and how-to literature, were also updated last year.

On the pro side, Moore's installed new in-store displays for wood packages and millwork, and doubled its stores' kitchen displays, to allow contractors to use the store as a showroom for their customers. Also, Moore's has established a commercial/industrial division for non-residential professionals.

The NHCN Top 500 Retailers

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
1	1	**Home Depot,** Atlanta	**5,137**	3,815	**34.7**	**80**	80	**174**	145	**102,000**	**16,480,000**	**30,000**	**30,000**	21,500	**0**	
2	2	**Lowe's Cos.,** North Wilkesboro, N.C.[1]	**3,056**	2,833	**7.9**	**69**	66	**306**	309	**26,200**	**8,016,136**	**25,000**	**18,368**	16,000	**17**	
3	3	**Payless Cashways,** Kansas City, Mo.[2]	**2,390**	2,229	**7.2**	**60**	75	**195**	195	**80,000**	**15,600,000**	**18,000**	**18,000**	17,000	**NA**	
4	4	**Builders Square,** San Antonio	**2,050**	1,890	**8.5**	**70**	70	**150**	144	**83,000**	**12,500,000**	**32,500**	**17,000**	17,000	**NA**	
5	5	**Hechinger,** Landover, Md.[3]	**1,615**	1,392	**16.0**	**95**	95	**116**	115	**80,000**	**9,285,000**	**40,000**	**15,000**	16,000	**50**	
6	6	**HomeClub,** Fullerton, Calif.[4]	**1,400**	1,260	**11.1**	**75**	100	**73**	66	**113,000**	**8,249,000**	**30,000**	**9,000**	8,500	**NA**	
7	9	**Menard Inc.,** Eau Claire, Wis.	**965**	800	**20.6**	**95**	100	**60**	48	**70,000**	**4,200,000**	**30,000**	**3,500**	NA	**38**	
8	8	**Grossman's,** Braintree, Mass.	**806**	813	**-0.9**	**81**	84	**139**	155	**32,800**	**4,565,000**	**25,000**	**4,700**	5,200	**38**	
9	11	**Eighty-Four Lumber,** Eighty Four, Pa.	**800**	767	**4.3**	**50**	40	**368**	342	**27,000**	**10,000,000**	**5,500**	**4,500**	4,500	**NA**	
10	10	**Sutherland Lumber,** Kansas City, Mo.	**792**	776	**2.1**	**80**	75	**80**	82	**27,000**	**2,160,000**	**20,000**	**3,000**	3,000	**5**	
11	7	**Wickes Lumber,** Vernon Hills, Ill.	**750**	850	**−11.8**	**39**	40	**141**	150	**9,500**	**1,339,000**	**12,000**	**4,000**	4,500	**20**	
12	12	**Builders Emporium,** Irvine, Calif.	**600**	600	**0.0**	**90**	95	**106**	112	**40,000**	**3,710,000**	**25,000**	**5,000**	5,000	**50**	
13	13	**Scotty's,** Winter Haven, Fla.[5,7]	**600**	600	**0.0**	**70**	70	**158**	165	**30,000**	**4,584,000**	**20,000**	**6,800**	6,300	**10**	
14	15	**Handy Andy,** Schaumburg, Ill.[7]	**500**	440	**13.6**	**98**	98	**56**	53	**68,000**	**3,740,000**	**30,000**	**5,000**	3,500	**10**	
15	16	**Lanoga,** Redmond, Wash.[6]	**462**	425	**8.7**	**50**	48	**137**	124	**7,700**	**1,050,000**	**16,000**	**2,650**	2,300	**15**	Ace, C, SS
16	14	**Pay 'N Pak,** Kent, Wash.	**410**	499	**−17.8**	**98**	98	**68**	102	**32,350**	**2,200,000**	**16,000**	**2,300**	2,600	**10**	
17	17	**Rickel Home Centers,** South Plainfield, N.J.	**410**	421	**− 2.6**	**90**	100	**40**	45	**40,100**	**1,604,000**	**35,000**	**4,000**	5,000	**65**	
18	20	**Pergament Home Centers,** Melville, N.Y.	**355**	350	**1.4**	**90**	80	**32**	35	**46,000**	**1,440,000**	**40,000**	**2,700**	3,300	**26**	
19	19	**Erb Lumber,** Birmingham, Mich.	**353**	360	**− 1.9**	**50**	45	**50**	50	**10,000**	**500,000**	**10,500**	**1,400**	1,750	**NA**	
20	21	**Harcros Lumber & Building Supplies,** Roanoke, Va.	**350**	350	**0.0**	**50**	50	**65**	68	**14,400**	**936,000**	**13,000**	**2,000**	2,250	**NA**	
21	22	**Central Hardware,** Bridgeton, Mo.[7]	**340**	305	**11.5**	**98**	100	**38**	38	**65,000**	**2,470,000**	**40,000**	**4,000**	4,000	**40**	
22	23	**Ernst Home & Nursery,** Seattle	**336**	301	**11.6**	**100**	100	**73**	72	**32,000**	**2,336,000**	**30,000**	**2,400**	2,300	**35**	
23	25	**Orchard Supply Hardware,** San José, Calif.	**310**	290	**6.9**	**80**	80	**37**	35	**35,000**	**1,295,000**	**50,000**	**3,400**	3,200	**50**	
24	27	**McCoy's Building Supply Center,** San Marcos, Texas	**309**	273	**13.2**	**75**	75	**98**	95	**16,300**	**1,600,000**	**7,500**	**1,100**	1,100	**NA**	
25	24	**Wolohan Lumber,** Saginaw, Mich.	**304**	296	**2.7**	**53**	51	**51**	50	**26,400**	**1,346,000**	**10,000**	**1,768**	1,650	**28**	
26	26	**Carter-Jones Lumber,** Kent, Ohio	**300**	280	**7.1**	**60**	55	**146**	146	**8,000**	**1,168,000**	**16,000**	**4,000**	4,000	**0**	
27	18	**Channel Home Centers,** Whippany, N.J.	**260**	379	**−31.4**	**100**	100	**52**	86	**35,000**	**4,000,000**	**17,000**	**3,000**	4,000	**30**	
28	29	**BMC West,** Boise, Idaho	**219**	224	**− 2.2**	**25**	22	**28**	28	**12,500**	**350,000**	**20,000**	**1,125**	1,034	**13**	C, HWI
29	30	**Carolina Builders,** Raleigh, N.C.	**210**	187	**12.3**	**5**	5	**21**	21	**1,800**	**38,000**	**8,000**	**1,003**	1,003	**0**	
30	28	**West Building Materials,** Atlanta*	**190**	257	**−26.1**	**30**	30	**36**	46	**27,000**	**972,000**	**10,000**	**1,300**	1,900	**0**	
31	31	**Meeks Building Centers,** Springfield, Mo.[8]	**171**	171	**0.0**	**40**	40	**30**	29	**15,200**	**455,000**	**12,000**	**700**	700	**25**	HWI
32	33	**Copeland Lumber Yards,** Portland, Ore.	**152**	154	**− 1.3**	**40**	35	**73**	73	**5,000**	**365,000**	**6,500**	**750**	800	**NA**	
33	41	**Foxworth-Galbraith Lumber,** Dallas	**142**	111	**27.9**	**30**	35	**44**	46	**8,000**	**603,182**	**10,000**	**1,200**	892	**2**	
34	38	**The Andersons,** Maumee, Ohio	**140**	135	**3.7**	**95**	95	**6**	6	**120,000**	**720,000**	**80,000**	**900**	900	**70**	
35	34	**Leeds Building Products,** Marietta, Ga.	**140**	150	**− 6.7**	**10**	15	**18**	28	**7,500**	**135,000**	**11,000**	**425**	800	**33**	
36	36	**Miron Building Products,** Kingston, N.Y.[9]	**130**	140	**− 7.1**	**30**	25	**8**	7	**20,000**	**150,000**	**45,000**	**400**	NA	**8**	BMA, SS
37	32	**Terry Cos.,** Tarzana, Calif.	**130**	165	**−21.2**	**6**	5	**16**	14	**5,700**	**91,000**	**25,000**	**540**	585	**2**	
38	40	**Westlake Hardware,** Lenexa, Kan.	**120**	111	**8.1**	**95**	95	**51**	52	**22,400**	**1,144,000**	**30,000**	**1,120**	1,200	**30**	Ace
39	37	**Dixieline,** San Diego	**115**	136	**−15.4**	**50**	29	**10**	10	**20,000**	**200,000**	**28,000**	**700**	874	**10**	HWI
40	46	**Fagen's Building Centers,** Wexford, Pa.	**110**	100	**10.0**	**20**	15	**28**	26	**10,350**	**290,000**	**10,000**	**600**	590	**NA**	
41	39	**Anderson Lumber,** Ogden, Utah	**107**	113	**− 5.3**	**30**	30	**23**	21	**6,000**	**138,000**	**15,000**	**650**	650	**5**	CBS
42	43	**Parr Lumber,** Aloha, Ore.	**107**	102	**4.9**	**20**	30	**10**	9	**10,000**	**100,000**	**20,000**	**250**	270	**5**	BMA
43	48	**Stambaugh-Thompson,** Youngstown, Ohio	**104**	94	**10.6**	**90**	100	**21**	21	**30,100**	**633,000**	**23,000**	**1,200**	1,300	**40**	
44	45	**Seigle's Home & Building Centers,** Elgin, Ill.	**104**	100	**4.0**	**60**	60	**8**	8	**35,000**	**280,000**	**18,000**	**600**	616	**25**	BMA, CBS
45	44	**Alexander Lumber,** Aurora, Ill.	**100**	102	**− 2.0**	**30**	20	**50**	50	**4,000**	**144,000**	**10,000**	**400**	390	**0**	HWI
46	42	**Strober Organization,** Brooklyn, N.Y.	**100**	110	**− 9.1**	**15**	15	**10**	9	**10,200**	**102,000**	**8,000**	**450**	380	**0**	SS
47	47	**Valu Home Centers,** Buffalo, N.Y.	**94**	94	**0.0**	**85**	100	**28**	28	**27,000**	**756,000**	**15,000**	**225**	225	**0**	
48	49	**Wolf Organization,** York, Pa.[10]	**92**	92	**0.0**	**30**	30	**36**	35	**2,000**	**72,000**	**4,000**	**320**	245	**20**	LMC
49	50	**Chase-Pitkin,** Rochester, N.Y.	**90**	90	**0.0**	**90**	90	**13**	12	**46,150**	**600,000**	**30,000**	**1,550**	1,400	**4**	BMA
50	51	**Hill-Behan Lumber,** St. Louis	**90**	90	**0.0**	**70**	70	**33**	33	**12,000**	**396,000**	**10,000**	**650**	650	**0**	
51	52	**Edward Hines Lumber,** Itasca, Ill.	**90**	90	**0.0**	**50**	40	**23**	25	**13,000**	**300,000**	**9,000**	**1,000**	NA	**5**	
52	56	**ACO Inc.,** Farmington Hills, Mich.	**88**	87	**1.1**	**90**	90	**70**	70	**10,000**	**840,000**	**15,000**	**1,300**	1,400	**40**	SS
53	57	**Leaner Home Center Inc.,** York, Pa.	**87**	87	**0.0**	**80**	80	**5**	6	**15,000**	**77,000**	**10,000**	**90**	90	**2**	C
54	54	**Thompson Building Materials,** Orange, Calif.	**86**	89	**− 3.4**	**21**	20	**9**	9	**NA**	**NA**	**1,500**	**270**	220	**0**	

*_NHCN_ estimate

[1]Is in the process of converting many of its smaller stores to 65,000- to 100,000-square-foot stores.
[2]Includes sales from Somerville Lumber ($244 million). Last year, remodeling tore down wall between stores and adjacent warehouse, making the selling floor in many units 80,000 square feet.
[3]75,000 square feet average (77 Hechingers); 100,000 (33 HomeQuarters Warehouses); 35,000 (6 Triangle Building Centers)
[4]Changed name to HomeBase 4/92.
[5]Average square footage includes calculation for 110 home centers and 48 hardware stores.
[6]Includes Lumbermen's, Spenards and United Building Centers chains.
[7]Is owned by Belgium's GIB Group
[8]Includes division in California.
[9]New store opened in Liberty, N.Y., in April.
[10]Includes two window and door stores

Buying group designations:
A-P = All-Pro; ABS = Allied Building Stores; BMA = Builder Marts of America; BW = Builders World; C = Cotter; CBS = Central Builders Supply; CR = Co-op Reserve; DA = Distribution America; EN = Eagle Nation; ENAP = Everyone Needs a Profit; HHW = Handy Hardware Wholesalers; HWI = Hardware Wholesalers Inc.; IBSA = Independent Builders Supply Association; LMC = Lumbermens Merchandising Corp.; NSDA = National Supply Distributors Association; P = Peddlers; PAL = Progressive Affiliated Lumbermen; PRS = Philadelphia Reserve Supply; SS = ServiStar.

NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	Sales % Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
55	35	**Gerrity Lumber,** Newton Upper Falls, Mass.	83	140	−40.7	40	25	13	16	9,600	125,000	15,000	325	400	10	
56	58	**Church's Lumber Yards,** Utica, Mich.	82	80	2.5	60	75	16	16	20,000	320,000	15,000	525	480	50	BMA, LMC, PAL
57	53	**Pelican Building Centers,** Conway, S.C.	80	89	−10.1	25	25	12	12	10,000	120,000	15,000	350	350	NA	LMC
58	55	**A.C. Houston Lumber,** Wichita, Kan.	80	89	−10.1	20	15	8	8	15,375	123,000	14,000	300	350	5	Ace, BMA
59	64	**Yardbirds of California,** Petaluma, Calif.	78	70	11.4	85	90	9	8	43,750	400,000	24,000	400	330	1	
60	59	**Builders Discount,** North Hollywood, Calif.	70	80	−12.5	50	50	4	5	125,000	500,000	25,000	220	240	20	
61	67	**National Home Center,** Springdale, Ark.	70	67	4.5	46	43	5	5	42,600	213,000	18,000	520	472	7	BMA, HWI
62	63	**Builderway Inc.,** Greenville, S.C.	70	72	− 2.8	20	15	14	13	7,900	110,000	8,000	370	350	1	BMA
63	61	**Scherer Brothers Lumber,** Brooklyn Park, Minn.	70	75	− 6.7	10	10	2	2	5,000	10,000	9,000	275	250	5	HWI
64	62	**Lyman Lumber,** Excelsior, Minn.	70	73	− 4.1	5	5	3	3	25,000	75,000		150	150	2	LMC
65	60	**Barr Lumber,** Los Alamitos, Calif.	65	80	−18.8	25	20	6	6	25,000	150,000	10,000	230	240	1	HWI
66	66	**Cox Lumber,** St. Petersburg, Fla.[11]	64	68	− 5.9	20	20	20	12	7,250	145,000	8,000	550	500	0	SS
67	75	**Star Lumber & Supply Co.,** Wichita, Kan.	63	57	10.5	50	36	4	4	27,800	90,000	24,000	475	475	14	BMA, CBS, HWI
68	68	**Courtesy Home Centers,** Mt. Prospect, Ill.	62	66	− 6.1	95	85	6	6	66,700	400,000	25,000	750	800	40	BMA
69	69	**Paty Co.,** Piney Flats, Tenn.	61	64	− 4.7	50	57	8	8	25,000	200,000	16,000	400	400	15	LMC
70	74	**Lumber City,** Van Nuys, Calif.	58	58	0.0	100	95	7	8	16,190	240,000	28,000	300	NA	0	
71	96	**Great Plains Supply,** Roseville, Minn.	58	48	20.8	25	30	27	34	5,550	150,000	15,000	300	294	2	BMA
72	76	**NHD Stores,** Stoughton, Mass.	57	56	1.8	90	100	35	35	15,400	540,000	40,000	700	676	50	
73	79	**Curtis Lumber,** Ballston Spa, N.Y.	56	54	3.7	60	54	9	8	10,000	90,000	17,000	250	280	4	LMC
74	86	**Blackstone Co.,** East Brunswick, N.J.	55	51	7.8	10	10	4	4	25,000	100,000	10,000	200	260	0	
75	95	**City Mill,** Honolulu	53	48	10.4	85	85	5	5	45,000	225,000	15,000	420	421	NA	
76	77	**Sunrise Build 'N Grow,** Hayward, Calif.[12]	52	55	− 5.5	95	95	14	14	28,600	400,000	12,000	350	400	20	
77	65	**Henry Bacon Building Materials,** Issaquah, Wash.	52	70	−25.7	40	40	5	5	16,000	80,000	20,000	350	400	1	BMA
78	83	**Brown-Graves Co.,** Akron, Ohio	52	52	0.0	25	25	4	4	15,000	60,000	12,000	200	200	10	C
79	72	**Ganahl Lumber,** Anaheim, Calif.	52	61	−14.8	8	8	3	3	25,000	50,000	20,000	250	280	15	BMA, HWI
80	82	**E.C. Barton,** Jonesboro, Ark.	51	52	− 1.9	45	40	27	27	5,500	150,000	5,000	375	380	13	HWI
81	80	**San Lorenzo Lumber,** Santa Cruz, Calif.	51	54	− 5.6	40	40	5	5	3,000	15,000	12,000	240	190	3	Ace
82	92	**Monarch Building Supply,** Honolulu	51	49	4.1	40	40	7	7	NA	NA	18,000	250	NA	NA	
83	87	**Goodman Lumber,** San Francisco	50	50	0.0	90	100	4	4	52,500	210,000	12,500	250	200	8	Ace
84	81	**Central Michigan Lumber,** St. Johns, Mich.	50	52	− 3.8	55	65	6	5	6,000	35,000	14,000	175	150	10	
85	88	**Hamilton Lumber & Home Center,** Hamilton, Mich.	50	50	0.0	50	50	3	3	25,000	75,000	13,000	60	60	2	C, PAL
86	90	**Piedmont Lumber & Mill,** Pleasant Hill, Calif.	50	50	0.0	40	35	6	6	15,000	90,000	40,000	245	210	4	Ace
87	93	**Stock Lumber Inc.,** Green Bay, Wis.	49	49	0.0	30	20	9	8	10,000	90,000	NA	500	NA	NA	BMA, Our Own
88	84	**Lezzer Cash & Carry,** Curwensville, Pa.	48	51	− 5.9	50	50	7	7	12,000	84,000	15,000	250	257	5	LMC, SS
89	111	**Ridout Lumber,** Searcy, Ark.	48	41	17.1	50	50	9	9	11,600	104,000	3,500	185	150	6	
90	89	**Bellevue Builders Supply,** Schenectady, N.Y.	48	50	− 4.0	40	40	1	1	42,000	42,000	19,500	195	188	20	Ace
91	98	**Haddonfield Lumber,** Cherry Hill, N.J.	48	48	0.0	10	10	7	6	11,000	78,000	7,000	200	170	10	Ace
92	99	**Fox Home Center,** Chicago	47	47	0.0	50	50	4	4	20,000	80,000	17,500	100	100	25	HWI
93	97	**H.P.M. Building Supply,** Hilo, Hawaii[13]	47	48	− 2.1	30	20	5	4	21,600	108,000	20,000	240	200	0	A-P
94	101	**M.L. Claster & Sons,** Bellefonte, Pa.	46	46	0.0	55	50	11	11	11,000	121,000	12,000	240	270	NA	BMA
95	103	**Bison Building Materials,** Houston	46	45	2.2	50	50	4	4	6,000	24,000	1,000	375	375	2	
96	85	**Riverhead Building Supply,** Riverhead, N.Y.	46	51	− 9.8	40	30	4	4	15,000	60,000	13,000	180	200	0	ENAP, RS
97	112	**Lampert Yards,** St. Paul, Minn.	45	41	9.8	35	45	31	30	11,000	370,000	15,000	225	210	0	HWI
98	71	**General Building Products,** Medford, N.Y.	45	62	−27.4	30	35	6	8	22,500	135,000	15,000	200	241	2	
99	78	**Hancock Lumber Co.,** Casco, Maine	43	55	−21.8	40	40	9	9	3,500	31,500	15,000	200	197	2	ENAP
100	105	**Plywood Minnesota,** Minneapolis	42	42	0.0	65	45	11	13	35,400	390,000	7,000	350	375	25	
101	113	**Spahn and Rose Lumber,** Dubuque, Iowa	42	40	5.0	60	60	23	22	4,600	105,000	11,000	195	185	13	HWI
102	104	**Standard Supply & Lumber,** Grand Rapids, Mich.	42	45	− 6.7	20	25	11	10	4,500	50,000	10,000	225	200	5	Ace, CBS
103	107	**Big Tin Barn,** Conroe, Texas	42	42	0.0	15	30	5	4	9,000	45,000	12,000	110	110	0	BMA
104	108	**Builders Supply,** Omaha, Neb.	42	42	0.0	15	11	1	1	20,000	20,000	30,000	200	200	10	HWI
105	102	**Causeway Lumber,** Ft. Lauderdale, Fla.	42	46	− 8.7	10	15	2	3	8,350	16,700	9,500	215	280	0	C
106	247	**Williams Brothers,** Duluth, Ga.	41	21	95.2	5	10	5	4	50,000	250,000	4,000	160	140	0	
107	73	**Busy Beaver,** Pittsburgh	40	59	−32.2	95	95	10	13	27,000	270,000	15,000	450	729	40	
108	121	**M.G. Building Materials,** San Antonio	40	35	14.3	40	60	4	4	10,000	40,000	13,000	100	120	1	BMA, HHW, HWI
109	180	**Brookhart Inc.,** Colorado Springs, Colo.	40	26	53.8	30	30	9	7	11,000	100,000	8,000	200	156	5	Ace, CBS
110	183	**West End Lumber Co.,** Houston	40	26	53.8	10	10	3	3	5,000	15,000	15,000	85	50	5	
111	109	**Fairfield Lumber & Supply,** Fairfield, Conn.[14]	40	42	− 4.8	10	10	2	3	6,000	12,000	7,000	120	100	5	BMA, C, SS

*NHCN estimate

[11]Includes sales from Panning Lumber.
[12]Began liquidating in late April 1992.
[13]Three home centers (30,000 square feet each) and two paint stores (6,000 square feet each)
[14]Includes sales from Moodus Lumber, Moodus, Conn.

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RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
112	115	**Feldman Lumber Co.,** Brooklyn, N.Y.	40	40	0.0	10	15	3	3	2,600	8,000	3,000	120	125	1	SS
113	94	**Holmes Lumber Co.,** Jacksonville, Fla.	40	49	−18.4	5	5	2	2	14,000	28,000	12,500	200	190	2	BMA
114	117	**Thompson Enterprises,** Minnetonka, Minn.*	39	37	5.4	70	70	9	9	10,000	90,000	30,000	600	600	NA	
115	114	**Fullerton Lumber,** Minneapolis	38	40	− 5.0	40	40	23	23	6,000	138,000	15,000	200	250	5	Our Own
116	132	**Stripling Blake Lumber,** Austin, Texas	38	32	18.8	25	30	3	3	26,300	79,000	18,000	200	200	5	BMA, HHW, HWI
117	119	**Western Home Center,** Cincinnati	38	36	5.6	20	50	2	2	13,000	26,000	12,000	300	250	0	BMA, LMC
118	118	**Mayfield Building Supply,** Arlington, Texas	38	37	2.7	5	5	2	2	6,500	13,000	10,000	125	100	0	BMA
119	106	**Hayward Lumber,** Salinas, Calif.	37	42	−11.9	35	42	6	6	15,000	90,000	20,000	201	185	15	BMA, SS
120	169	**Alamo Lumber,** San Antonio	36	27	33.3	70	70	14	14	5,000	70,000	10,000	250	250	5	HWI
121	156	**R.P. Lumber Co.,** Edwardsville, Ill.	36	29	24.1	25	50	11	11	9,100	100,000	12,000	135	130	10	HWI
122	501	**Eagle Hardware & Garden,** Tukwila, Wash.[15]	35	2	NA	85	85	4	4	120,000	465,000	45,000	600	NA	5	
123	212	**Central Valley Builders Supply,** St. Helena, Calif.	35	23	52.2	35	30	3	2	6,000	18,000	3,000	180	175	2	C
124	142	**Tualatin Valley Builders Supply,** Lake Oswego, Ore.	35	31	12.9	30	20	5	4	6,000	30,000	15,000	150	131	5	Ace
125	150	**Woodhaven Lumber & Millwork,** Point Pleasant Beach, N.J.	35	30	16.7	25	25	3	3	15,000	45,000	10,000	130	130	0	BMA, SS
126	124	**Moser Lumber Inc.,** Naperville, Ill.	35	34	2.9	20	25	2	2	40,000	80,000	20,000	225	225	30	HWI
127	125	**Midpac Lumber Co.,** Honolulu	35	34	2.9	20	15	1	1	9,000	9,000	NA	175	169	1	
128	91	**Golden State Lumber,** Vallejo, Calif.	35	50	−30.0	8	20	2	2	6,400	12,800	2,500	85	100	1	
129	166	**Franklin Building Supply,** Boise, Idaho	35	28	25.0	5	5	5	5	9,000	45,000	6,000	170	110	0	BMA, CBS
130	70	**Chandler Lumber Co.,** Van Nuys, Calif.	35	64		5	5	3	3	20,000	60,000	20,000	120	120	5	Ace
131	176	**P.E. Dolan Lumber,** Benicia, Calif.	34	26	30.8	60	60	4	4	11,250	45,000	20,000	160	160	10	
132	123	**Babbitt Brothers,** Flagstaff, Ariz.	34	34	0.0	40	35	7	7	15,000	105,000	15,000	250	250	0	BMA, CBS
133	145	**Friedman Brothers Hardware,** Santa Rosa, Calif.	33	30	10.0	70	70	1	1	60,000	85,000	30,000	200	180	15	
134	138	**Century Supply Co.,** Lombard, Ill.	33	31	6.5	50	50	8	8	11,160	89,290	10,000	200	220	10	
135	161	**Mill Creek Lumber & Supply,** Tulsa, Okla.	33	28	17.9	35	40	3	3	15,000	45,000	16,000	95	95	NA	BMA, HWI
136	120	**Nassau Suffolk Lumber,** Hauppauge, N.Y.	33	36	− 8.3	25	30	6	6	3,000	18,000	10,000	150	90	NA	LMC
137	136	**Calcasieu Lumber,** Austin, Texas	33	32	3.1	5	5	1	1	15,000	15,000	20,000	150	150	3	
138	129	**Rigg's Supply,** Kennett, Mo.	32	32	0.0	75	65	8	8	15,600	125,000	12,000	200	145	NA	
139	148	**Manis Lumber (Wheeler's),** Rome, Ga.	32	30	6.7	40	32	11	9	6,500	71,500	10,000	185	150	1	
140	177	**Herrmann Lumber,** Springfield, Mo.	32	26	23.1	30	40	10	10	8,000	80,000	10,000	170	163	10	Our Own
141	139	**Peter Lumber,** Pleasantville, N.J.	31	31	0.0	40	35	13	12	6,000	50,000	8,000	52	52	0	PRS
142	130	**Fingerle Lumber,** Ann Arbor, Mich.	31	32	− 3.1	35	35	2	1	20,000	40,000	10,000	150	130	10	BMA, HWI
143	141	**Masten Home Centers,** Milford, Del.	31	31	0.0	30	27	7	7	10,800	76,000	17,000	200	213	NA	LMC
144	134	**Builders General Supply,** Little Silver, N.J.	31	32	− 3.1	25	15	4	4	5,000	20,000	15,000	150	125	NA	Ace
145	122	**All American Home Center,** Downey, Calif.	30	34	−11.8	100	100	1	1	145,000	145,000	90,000	270	300	50	C
146	126	**H&E Do-It-Yourself Home Centers,** Victorville, Calif.	30	33	− 9.1	95	95	6	6	41,666	250,000	24,000	250	300	0	HWI
147	144	**Hacienda Home Centers,** Albuquerque, N.M.	30	30	0.0	90	90	6	6	23,300	140,000	15,000	270	280	15	BMA
148	502	**Builders Express,** San Antonio[16]	30	NA	NA	90	90	3	3	117,000	352,000	30,000	352	352	NA	
149	185	**Supply One Inc.,** Reno, Nev.	30	25	20.0	85	85	5	3	45,000	225,000	30,000	200	170	50	Ace, BMA
150	147	**Williams Lumber & Home Center,** Rhinebeck, N.Y.	30	30	0.0	40	40	3	3	16,600	50,000	12,000	100	150	NA	Ace
151	116	**Westside Building Materials,** Anaheim, Calif.	30	40	−25.0	30	10	1	1	1,200	1,200	8,000	60	50	3	
152	133	**Millard Lumber,** Omaha, Neb.	30	32	− 6.3	25	25	3	3	20,000	57,000	25,000	200	200	2	BMA, HWI
153	131	**Moynihan North Reading Lumber,** N. Reading, Mass.	30	32	− 6.3	25	30	2	2	4,000	8,000	6,000	90	78	5	Ace, CR, ENAP
154	100	**Kogel Giant Builders Supply,** Middle Island, N.Y.*	30	47	−36.2	15	15	3	7	3,500	11,000	8,000	60	NA	3	SS
155	110	**Pine Tree Lumber,** Escondido, Calif.	30	42	−28.6	10	10	3	3	12,000	36,000	12,000	120	180	1	Ace
156	154	**Kempsville Building Materials,** Virginia Beach, Va.	30	30	0.0	10	10	2	1	12,000	24,000	12,000	170	150	0	BMA, IBSA
157	174	**Ziegler Building Centers,** Spokane, Wash.	29	26	11.5	75	75	10	9	27,000	270,000	4,500	150	123	3	
158	157	**Hammond Lumber Co.,** Belgrade, Maine	29	29	0.0	40	40	5	5	8,000	40,000	15,000	125	125	5	BMA, LMC, SS
159	149	**Nickerson Lumber Co.,** Orleans, Mass.	29	30	− 3.3	30	26	7	7	18,570	130,000	22,000	167	155	7	LMC
160	140	**Richardson Industries,** Sheboygan Falls, Wis.*	29	31	− 6.5	20	30	2	2	10,000	20,000	11,500	50	35	3	BW, HWI, PAL
161	194	**National Lumber,** Mansfield, Mass.[17]	29	25	16.0	15	15	3	3	30,000	90,000	20,000	85	70	5	SS
162	186	**Hughes Lumber,** Tulsa, Okla.	28	25	12.0	80	75	10	10	12,000	120,000	13,500	170	170	0	
163	173	**Thurman Industries,** Kirkland, Wash.	28	26	7.7	80	80	15	15	15,000	150,000	9,500	140	140	8	NSDA
164	146	**Marvin's Inc.,** Trussville, Ala.*	28	30	− 6.7	50	50	12	12	22,000	264,000	NA	500	500		LMC
165	179	**Choo Choo Supply,** Vidalia, Ga.	28	26	7.7	40	35	7	7	12,850	90,000	9,000	140	160	15	BMA, HWI

******NHCN* **estimate**

[15]One store (Spokane, Wash.) opened in December 1990.
[16]Company went out of business 3/31/92.
[17]Mansfield, Mass., store is 60,000 square feet.

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NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
166	160	**TAPJAC Co.,** Carthage, Mo.	28	28	0.0	30	55	11	13	9,700	106,798	15,000	193	300	5	HWI
167	292	**East Coast Lumber & Supply,** Fort Pierce, Fla.	28	19	47.4	25	15	6	6	8,333	50,000	15,000	115	120	1	DA, LMC, SS
168	128	**William M. Young,** New Castle, Del.	28	33	−15.2	20	15	1	1	44,000	44,000	NA	70	75	12	
169	143	**J.C. Snavely & Sons,** Landisville, Pa.	28	31	− 9.7	15	15	3	2	13,300	40,000	8,000	220	180	5	LMC, SS
170	168	**Levy's Lumber & Building Centers,** Louisville, Ky.	27	27	0.0	75	95	4	4	62,500	250,000	25,000	250	300	NA	
171	199	**Bender Lumber,** Bloomington, Ind.	27	24	12.5	65	60	5	6	19,500	98,000	15,000	210	210	15	BMA, HWI
172	189	**Bloedorn Lumber Co.,** Torrington, Wyo.	27	25	8.0	40	40	18	18	7,400	133,000	15,000	150	150	0	BMA, Our Own
173	242	**John H. Myers & Son,** York, Pa.	27	21	28.6	20	20	5	3	26,800	134,000	40,000	97	90	5	BMA, ENAP
174	171	**Southern Sash Sales & Supply,** Sheffield, Ala.	27	27	0.0	20	20	4	4	20,000	80,000	25,000	50	50	0	SS
175	236	**Matt's Cash & Carry Building Mat'ls,** Pharr, Texas	26	21	23.8	70	55	2	2	50,000	100,000	30,000	168	165	30	BMA, HHW
176	187	**T.H. Rogers Lumber,** Oklahoma City	26	25	4.0	65	65	29	30	4,500	130,000	15,000	180	185	0	
177	164	**Stottlemyer & Shoemaker Lumber,** Sarasota, Fla.	26	28	− 7.1	25	10	5	5	7,000	35,000	9,500	200	220	10	DA, SS
178	182	**F.E. Wheaton & Co.,** Wheaton, Ill.	26	26	0.0	20	10	1	1	10,000	10,000	30,000	100	82	1	LMC
179	206	**Marling Lumber Co.,** Madison, Wis.	26	24	8.3	15	15	4	2	2,500	10,000		140	100	0	BMA, SS
180	216	**Mead Clark Lumber Co Inc.,** Santa Rosa, Calif.	26	23	13.0	10	10	2	1	10,400	20,800	6,000	100	80	15	C, HWI
181	165	**Ridge Lumber,** Baltimore	26	28	− 7.1	10	10	1	1	12,000	12,000	10,000	100	100	NA	BMA
182	167	**Raymond Building Supply Corp.,** N. Fort Myers, Fla.	26	28	− 7.1	5	5	3	3	12,000	36,000	5,000	200	180	0	LMC, SS
183	158	**Simon Home Centers,** Walnut Creek, Calif.	25	28	−10.7	95	95	3	3	50,000	150,000	10,500	350	258	20	
184	137	**Snyder Diamond,** Santa Monica, Calif.	25	31	−19.4	95	95	4	4	9,000	36,000	40,000	140	210	2	
185	234	**Dill's Best Building Centers,** Brewster, N.Y.	25	21	19.0	80	75	8	8	15,000	120,000	10,000	170	221	20	HWI
186	175	**C&C Lumber Building Supplies,** Tarrs, Pa.	25	26	− 3.8	50	60	2	1	21,000	42,000	15,000	75	70	5	BMA
187	188	**Your Building Centers,** Altoona, Pa.	25	25	0.0	40	50	7	8	5,000	34,000	10,000	150	180	2	
188	151	**California Shingle and Shake Co.,** Concord, Calif.	25	30	−16.7	25	25	4	4	1,200	4,800	250	80	75	6	
189	163	**Yaeger & Kirk,** Santa Rosa, Calif.	25	28	−10.7	25	25	3	3	20,000	60,000	18,000	215	205	5	Ace, BMA
190	162	**Learned Lumber,** Hermosa Beach, Calif.	25	28	−10.7	25	35	2	2	6,000	12,000	6,500	45	85	0	HWI
191	228	**Guy C. Lee Building Materials,** Smithfield, N.C.	25	22	13.6	20	25	6	6	6,000	36,000	12,000	84	77	2	IBSA
192	135	**Roper Bros. Lumber,** Petersburg, Va.	25	32	−21.9	10	10	3	4	4,000	12,000	9,000	125	150	5	Ace, BMA, EN
193	195	**Clay Ingels Co.,** Lexington, Ky.	25	25	0.0	10	10	2	2	4,500	9,000	8,000	100	100	0	P
194	152	**Riverside Millwork Co.,** Penacook, N.H.	25	30	−16.7	10	15	7	7	4,300	30,000	300	220	200	1	
195	207	**Estate of George Snyder,** Hatfield, Pa.	24	23	4.3	80	93	1	1	60,000	60,000	40,000	125	120	NA	LMC, SS
196	159	**Lumber Headquarters,** Brooklyn, N.Y.	24	28	−14.3	75	80	14	13	5,000	65,000	7,500	225	225	10	SS
197	235	**Stine Lumber,** Sulphur, La.	24	21	14.3	70	65	4	4	26,250	105,000	10,000	200	180	15	ABS, Ace
198	198	**Elk Supply,** Clinton, Okla.	24	24	0.0	60	70	17	18	20,000	340,000	30,000	100	130	NA	C
199	201	**N.A. Mans & Sons,** Trenton, Mich.	24	24	0.0	40	40	4	4	10,000	40,000	14,000	150	110	20	BMA, CBS, HWI
200	211	**Steenbeke & Sons,** Boscawen, N.H.	24	23	4.3	40	31	7	7	12,000	84,000	13,000	165	155	10	BMA, C
201	219	**Lappo Lumber,** Fruitport, Mich.	24	22	9.1	40	65	2	2	15,000	30,000	20,000	95	95	33	BMA, PAL
202	223	**Scott Lumber Co.,** Bridgeport, Ohio	24	22	9.1	35	35	8	8	15,000	120,000	20,000	257	220	35	BMA
203	281	**Keim Lumber Co.,** Charm, Ohio	24	19	26.3	30	50	1	1	32,000	32,000	15,000	100	90	0	HWI
204	202	**Lester Group,** Martinsville, Va.	24	24	0.0	30	35	4	4	14,375	57,500	13,000	150	130	5	BMA, C, IBSA, SS
205	239	**Chicago Lumber Co. of Omaha,** Omaha, Neb.	24	21	14.3	25	25	15	15	6,000	90,000	NA	140	140	1	Ace, Our Own
206	192	**Cedarburg Lumber Co.,** Cedarburg, Wis.	24	25	− 4.0	20	25	2	2	7,500	15,000	15,000	110	105	5	BMA, HWI, LMC
207	220	**Olshan Lumber,** Houston	23	22	4.5	60	60	2	2	31,000	62,000	14,000	160	140	6	BMA, HHW, HWI
208	200	**Jaeger Lumber,** Union, N.J.	23	24	− 4.2	45	60	4	5	18,750	75,000	30,000	100	110	0	Ace, BMA, ENAP
209	209	**Frierson Building Supply,** Jackson, Miss.	23	23	0.0	40	40	1	1	7,000	7,000	10,000	160	175	0	BMA, SS
210	178	**Black & Co.,** Decatur, Ill.	23	26	−11.5	40	40	9	9	22,200	200,000	12,000	250	250	30	C, DA
211	287	**Kight Home Center,** Evansville, Ind.	23	19	21.1	30	30	3	3	NA	NA	6,500	115	95	20	BMA, HWI
212	203	**Consolidated Lumber,** Stillwater, Minn.	23	24	− 4.2	30	30	9	9	4,800	43,000	10,000	130	110	23	LMC
213	204	**Shelly Enterprises,** Souderton, Pa.	23	24	− 4.2	30	30	3	3	5,000	15,000	20,000	150	165	5	LMC, PRS, SS
214	226	**Wilson Lumber Co.,** Huntsville, Ala.	23	22	4.5	25	25	2	2	10,000	20,000	12,000	150	150	5	BMA, HWI
215	214	**Lee Lumber & Building Materials,** Chicago	23	23	0.0	15	15	2	2	12,500	25,000	11,000	140	135	0	BMA, PRS
216	273	**Great Central Lumber,** St. Louis	23	20	15.0	10	10	4	4	5,000	20,000	8,500	80	135	1	HWI
217	229	**Inter-State Lumber Co.,** Stillwater, Minn.	23	22	4.5	5	20	9	10	NA	NA	5,000	80	85	8	CBS, SS
218	279	**Crafty Beaver Home Centers,** Skokie, Ill.*	22	19	15.8	75	75	4	4	20,000	80,000	35,000	NA	NA	NA	C
219	221	**Buchheit Inc.,** Perryville, Mo.	22	22	0.0	50	50	3	3	13,300	40,000	15,000	60	60	0	BMA
220	253	**Jay-K Lumber,** New Hartford, N.Y.	22	20	10.0	40	60	1	1	50,000	50,000	23,000	100	110	0	Ace, LMC
221	127	**Sinclair Lumber,** Laurinburg, N.C.	22	33	−33.3	33	30	6	7	16,700	100,000	12,000	90	150	2	Ace, LMC
222	213	**Stan's Lumber Co.,** Twin Lakes, Wis.	22	23	− 4.3	30	25	3	3	4,000	10,000	3,000	80	85	3	CBS, Our Own
223	193	**County Lumber Co.,** Santa Barbara, Calif.	22	25	−12.0	25	25	3	2	16,700	50,000	1,000	63	60	0	DA
224	191	**Big C Lumber,** South Bend, Ind.	22	25	−12.0	25	25	4	5	6,250	25,000	12,000	100	125	10	BMA, C, PAL
225	227	**Big Creek Lumber,** Davenport, Calif.	22	22	0.0	25	25	4	4	20,000	80,000	6,000	175	170	0	Ace

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RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
226	196	**Gulf Stream Lumber,** Boynton Beach, Fla.	22	25	−12.0	20	10	3	3	2,830	8,500	12,000	150	170	10	BMA, C
227	230	**Maryland Lumber,** Baltimore	22	22	0.0	10	10	1	2	5,000	5,000	NA	78	78	0	SS
228	215	**Walter & Jackson Inc.,** Christiana, Pa.	22	23	− 4.3	10	11	3	3	5,000	15,000	6,500	101	105	0	BMA, PRS, SS
229	250	**Bomgaars Supply,** Sioux City, Iowa	21	20	5.0	90	90	11	11	21,500	237,000	12,500	225	250	0	Ace
230	258	**Martin Distributors,** Alexandria, La.	21	20	5.0	40	30	3	4	13,300	40,000	10,000	85	100	0	HHW
231	256	**Truitt & White Lumber,** Berkeley, Calif.	21	20	5.0	40	35	2	1	77,500	155,000	20,000	120	110	0	Ace
232	270	**Manning Building Supplies,** Ocala, Fla.	21	20	5.0	15	15	4	4	30,000	120,000	7,000	110	110	0	BMA
233	153	**Stevenson Lumber Co.,** Stevenson, Conn.	21	30	−30.0	5	10	1	1	8,000	8,000	1,000	60	150	0	
234	313	**Building Material Supply Co.,** Tucker, Ga.	21	18		5	5	1	1	24,000	24,000	1,800	73	55	20	
235	232	**Kuesters Inc.,** Evansville, Ind.	20	21	− 4.8	98	90	9	9	21,000	190,000	33,000	250	200	15	HWI
236	233	**Elliott Hardware,** Elm Grove, Wis.	20	21	− 4.8	85	80	4	3	31,250	125,000	50,000	300	260	20	Ace
237	172	**Rocky's Hardware & Home Center,** Springfield, Mass.	20	26	−23.1	80	80	7	8	12,000	85,000	25,000	140	180	25Ace	
238	278	**Chris & Dick's,** Salt Lake City	20	19	5.3	80	90	1	1	70,000	70,000	27,000	155	165	5	C
239	251	**Big L Corp.,** Sheridan, Mich.	20	20	0.0	75	65	6	6	21,700	130,000	35,000	70	74	10	Ace, LMC
240	218	**Cramer's Home Centers,** E. Stroudsburg, Pa.	20	22	− 9.1	75	75	7	7	10,000	70,000	9,000	120	125	2	LMC, SS
241	252	**White Aluminum Products,** Leesburg, Fla.	20	20	0.0	65	65	7	6	38,570	270,000	5,000	200	200	0	
242	283	**Potter's Shopping Center,** Jamestown, Tenn.	20	19	5.3	60	45	8	7	11,000	88,000	15,000	120	125	20	Ace, BMA
243	297	**Newkirk's Ace Hardware Inc.,** Rapid City, S.D.	20	18	11.1	55	60	7	6	17,900	125,000	30,000	130	160	10	Ace, C
244	255	**Gordon Lumber Co.,** Oak Harbor, Ohio	20	20	0.0	50	40	9	9	4,500	40,000	10,000	110	120	10	C, CBS
245	254	**Economy Building Materials,** Denver	20	20	0.0	50	40	3	3	9,000	27,000	13,000	100	100	3	BMA, HWI
246	265	**McGuire Lumber Co.,** Yakima, Wash.	20	20	0.0	40	25	1	1	20,000	20,000	8,000	35	35	0	BMA
247	208	**Hinckley Home Centers,** Hyannis, Mass.	20	23	−13.0	40	50	3	4	15,000	45,000	50,000	115	114	2	BMA
248	415	**Simonson Lumber,** St. Cloud, Minn.	20	14	42.9	40	30	7	6	15,000	140,000	3,000	100	80	3	BMA, C, CBS, Our Own
249	305	**A.J. Smith Co.,** Nashville, Tenn.	20	18	11.1	35	25	5	4	3,000	15,000	10,000	58	60	5	
250	331	**Du-Bell,** Medford, N.J.[18]	20	17	17.6	35	20	4	3	18,750	75,000	25,000	120	100	3	BMA, C, PRS, SS
251	210	**Lavalley Building Supply,** Newport, N.H.	20	23	−13.0	35	35	5	5	8,000	40,000	15,000	120	125	5	C, LMC
252	322	**Theut Products Inc.,** Mt. Clemens, Mich.	20	17	17.6	35	35	4	4	5,000	20,000	30,000	100	75	10	
253	225	**Lummus Supply,** Atlanta	20	22	− 9.1	35	25	4	4	10,500	42,000	7,500	61	62	0	HWI, SS
254	205	**One Source Home & Building Centers,** North Little Rock, Ark.	20	24	−16.7	30	30	4	4	7,500	30,000	10,000	135	160	NA	Ace
255	260	**J.H Patterson Co.,** Rockford, Ill.	20	20	0.0	25	25	10	10	2,000	20,000	NA	100	100	10	BMA, PRS
256	324	**Zarsky Lumber Co.,** Victoria, Texas	20	17	17.6	25	30	6	6	6,500	40,000	8,000	115	120	4	Ace, CBS, HHW
257	257	**Cofer Brothers,** Tucker, Ga.	20	20	0.0	25	30	1	1	15,000	15,000	500	70	85	3	SS
258	261	**Albert R. Lavalley Lumber,** Sanford, Maine	20	20	0.0	25	25	3	3	6,700	20,000	9,000	130	NA	5	C, LMC
259	259	**Sterling Lumber & Investment Co.,** Denver	20	20	0.0	25	30	10	10	15,255	152,550	7,000	95	100	2	
260	262	**Jordan & Bradley Building Supply,** Columbus, Ga.	20	20	0.0	20	25	3	3	NA	NA	5,000	80	NA	0	CBS
261	266	**Jones Lumber Co. Inc.,** Lynwood, Calif.	20	20	0.0	20	20	1	1	5,000	5,000	10,000	100	NA	0	
262	268	**INR Beatty Lumber Co.,** Oak Lawn, Ill.	20	20	0.0	20	20	4	3	6,750	27,000	6,000	100	72	6	HWI, PRS
263	170	**J.T.'s Home & Builders Centers,** Newport, R.I.	20	27	−25.9	20	20	3	4	8,000	24,000	13,000	100	125	2	ENAP
264	237	**Broadway Lumber Co.,** New York	20	21	− 4.8	20	40	4	4	10,000	40,000	5,000	100	120	5	SS
265	269	**Moss Lumber Co.,** Redding, Calif.	20	20	0.0	15	15	2	2	6,000	12,000	18,000	120	120	25	C
266	243	**Dykes Lumber Co.,** Weehawken, N.J.	20	21	− 4.8	15	20	6	6	3,000	18,000	5,000	95	100	5	LMC
267	276	**Hartje Lumber Inc.,** La Valle, Wis.	20	20	0.0	10	10	1	1	5,000	5,000	5,000	35	38	0	
268	295	**Chintimini Forest Products Inc.,** Albany, Ore.	20	19	5.3	10	10	3	3	9,700	29,000	7,000	29	29	0	
269	264	**W.T. Harvey Lumber Co.,** Columbus, Ga.	20	20	0.0	10	25	4	4	10,000	40,000	10,000	150	130	NA	BMA
270	249	**Home Lumber Co.,** S. St. Paul, Minn.	20	21	− 4.8	5	5	2	2	16,000	32,000	2,500	50	50	5	BMA, HWI
271	184	**Wilson Brothers,** Fredericksburg, Va.	20	26	−23.1	5	5	4	4	6,250	25,000	10,000	120	120	5	LMC, SS
272	197	**Crenshaw Lumber,** Gardena, Calif.	20	25	−20.0	5	10	1	1	3,500	3,500	3,000	50	NA	0	
273	296	**Mead Building Centers,** Columbus, Neb.	19	18	5.6	60	60	16	15	3,875	62,000	7,000	135	120	10	BMA, HWI
274	340	**Butz Building Centers,** Palmerton, Pa.	19	16	18.8	40	50	4	6	5,500	22,000	16,000	100	104	5	C
275	284	**Earl Latsha Lumber Co.,** Harrisburg, Pa.	19	19	0.0	40	40	1	1	40,000	40,000	10,000	53	56	0	
276	300	**DeGol Brothers Lumber Co.,** Gallitzin, Pa.	19	18	5.6	40	50	4	4	10,000	40,000	5,500	80	80	10	
277	285	**Ellsworth Builders Supply,** Ellsworth, Maine	19	19	0.0	35	32	8	8	NA	NA	6,000	100	75	4	LMC, SS
278	222	**The Dunn Corp.,** Daytona Beach, Fla.	19	22	−13.6	30	50	6	6	8,300	50,000	20,000	150	150	15	Ace
279	301	**Mortimer & Son Lumber Co.,** Port Huron, Mich.	19	18	5.6	30	40	4	4	10,000	40,000	14,000	80	80	1	C, LMC
280	326	**Doug Ashy Building Materials,** Lafayette, La.	19	17	11.8	30	30	3	3	16,700	50,000	12,000	115	100	0	LMC
281	288	**Southport Lumber & Supply,** Kenosha, Wis.	19	19	0.0	30	30	4	4	6,750	27,000	NA	60	NA	30	HWI
282	245	**Riemeier Lumber Co.,** Cincinnati	19	21	− 9.5	25	10	1	1	15,500	15,500	4,000	58	59	NA	

*NHCN estimate

[18]Was formerly called Christy's Supplies.

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NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
283	286	**A.L. Kilgo Co Inc.,** Honolulu[19]	19	19	0.0	25	30	1	1	300,000	300,000	300,000	130	160	5	
284	290	**Strait & Lamp Lumber Co.,** Hebron, Ohio	19	19	0.0	20	20	4	4	23,000	92,000	7,000	96	96	1	HWI
285	307	**Shaw Lumber Co.,** St. Paul, Minn.	19	18	5.6	20	20	1	1	5,000	5,000	7,000	110	82	2	HWI
286	240	**Tri-County Supply Inc.,** Pleasantville, N.J.	19	21	– 9.5	20	20	4	3	3,000	12,000	NA	75	75	10	
287	289	**Sinclair Supply Co. Inc.,** Baltimore	19	19	0.0	20	20	3	3	25,000	75,000	5,323	76	NA	0	
288	294	**Triangle Building Supply Inc.,** Fayetteville, N.C.	19	19	0.0	15	10	2	2	40,000	80,000	12,000	119	130	2	DA
289	293	**Sepulveda Building Materials,** Torrance, Calif.	19	19	0.0	15	15	4	4	12,500	50,000	5,862	100	100	10	
290	272	**Boland Maloney Lumber Co.,** Louisville, Ky.	19	20	– 5.0	10	10	2	2	7,250	14,500	7,000	85	80	1	BMA, LMC
291	248	**Livonia Building Materials,** Livonia, Mich.	19	21	– 9.5	5	5	4	4	2,000	9,500	2,000	50	50	0	SS
292	316	**Brosius-Eliason Co.,** New Castle, Del.	18	17	5.9	65	60	4	4	18,000	72,000	13,000	120	100	0	LMC, SS
293	339	**Morales Home Centers,** Bronx, N.Y.	18	16	12.5	60	60	9	9	30,000	270,000	10,000	40	40	8	DA
294	381	**Standale Lumber & Home Center,** Grand Rapids, Mich.	18	15	20.0	55	20	3	2	8,300	25,000	NA	80	70	5	BMA, PAL, SS
295	298	**Whelan's,** Topeka, Kan.	18	18	0.0	50	50	4	4	32,500	130,000	20,000	140	160	5	HWI
296	325	**Better Living Inc.,** Charlottesville, Va.	18	17	5.9	30	30	1	1	12,000	12,000	15,000	80	100	4	HWI, IBSA
297	238	**Lumber One,** Avon, Minn.	18	21	–14.3	30	30	2	2	3,600	7,200	16,000	76	82	2	Ace, BMA
298	224	**A.H. Angerstein,** Wilmington, Del.	18	22	–18.2	20	30	4	4	8,000	33,000	10,000	90	130	0	PAL, PRS
299	271	**Devlin Lumber & Supply Corp.,** Rockville, Md.	18	20	–10.0	15	10	1	1	3,000	3,000	14,000	150	150	0	BMA
300	181	**Douglas Lumber Corp.,** Smithfield, R.I.	18	26	–30.8	15	15	1	1	20,000	20,000	17,000	50	75	15	BMA, CBS
301	246	**Ruffin & Payne,** Richmond, Va.	18	21	–14.3	10	10	1	1	4,500	4,500	2,500	105	120	0	BMA
302	391	**Cape Fear Supply,** Fayetteville, N.C.	18	15	20.0	10	10	1	1	2,000	2,000	5,500	75	75	0	BMA
303	310	**Lumber City Inc.,** Chesapeake, Va.	18	18	0.0	10	10	2	2	3,500	7,000	6,000	85	95	3	MA, C
304	241	**Beronio Lumber Co.,** San Francisco	18	21	–14.3	10	20	1	1	135,000	135,000	3,000	65	67	0	
305	217	**East Coast Builders Supply Corp.,** Chesapeake, Va.	18	23	–21.7	10	10	2	2	5,000	10,000	10,000	85	80	5	BMA, C
306	315	**Erlanger Lumber Co.,** Erlanger, Ky.	18	18	0.0	5	5	1	1	2,000	2,000	6,000	50	50	0	LMC
307	312	**Tulnoy Lumber Inc.,** New Rochelle, N.Y.	18	18	0.0	5	5	2	2	1,500	3,000	12,000	79	85	0	
308	314	**West Elizabeth Lumber Co.,** Elizabeth, Pa.	18	18	0.0	5	5	4	5	6,200	25,000	2,000	65	50	0	
309	398	**Poulsen's Inc.,** Great Falls, Mont.	17	14	21.4	70	70	1	1	36,000	36,000	6,000	80	70	20	Ace, BMA, Our Own
310	318	**Sash & Door Co.,** Bellingham, Wash.	17	17	0.0	50	50	2	2	50,000	100,000	10,000	120	120	0	Ace
311	319	**Knoll Lumber & Hardware Co.,** Kenmore, Wash.	17	17	0.0	40	50	4	4	7,500	30,000	21,000	80	88	0	
312	317	**J.C. Baldridge Lumber Co.,** Albuquerque, N.M.	17	17	0.0	40	50	2	2	6,500	13,000	20,000	140	140	15	C
313	282	**Whipple Brothers Inc.,** Tunkhannock, Pa.	17	19	–10.5	40	50	10	10	10,000	100,000	2,600	90	80	3	
314	321	**Allen Lumber Co.,** Barre, Vt.	17	17	0.0	35	40	5	5	5,000	25,000	15,000	70	80	6	LMC
315	373	**Thomas W. Perry,** Chevy Chase, Md.	17	15	13.3	33	30	2	2	17,500	35,000	30,000	140	140	20	BMA, SS
316	367	**Arnold Lumber Co.,** West Kingston, RI	17	15	13.3	30	40	3	3	6,500	20,000	20,000	85	100	0	SS
317	329	**Montalbano Lumber Co.,** Houston	17	17	0.0	30	25	2	2	7,500	15,000	8,000	90	85	0	BMA, C, HHW
318	346	**Mentor Lumber & Supply,** Mentor, Ohio	17	16	6.3	30	30	3	3	10,000	30,000	13,000	92	60	20	HWI
319	304	**Mintzer Bros.,** Rutland, Vt.	17	18	– 5.6	30	30	2	2	5,000	10,000	4,000	40	40	3	LMC
320	328	**Rowley Building Products Corp.,** Middletown, N.Y.	17	17	0.0	25	25	6	6	5,000	30,000	10,000	115	100	8	SS
321	320	**Merrimack Valley Wood Products,** Methuen, Mass.	17	17	0.0	20	40	1	1	15,000	15,000	3,000	90	90	0	
322	390	**Wimsatt Building Materials Co.,** Wayne, Mich.	17	15	13.3	20	10	2	2	5,000	10,000	7,000	50	41	0	HWI
323	308	**R Lumber Center,** Edgewater, Md.	17	18	– 5.6	20	15	1	1	3,000	3,000	6,000	90	100	0	BMA, CBS
324	382	**Smoot Lumber Co.,** Alexandria, Va.	17	15	13.3	20	20	1	1	10,000	10,000	11,000	65	65	5	BMA, SS
325	332	**Alpine Lumber,** Denver	17	17	0.0	15	12	4	4	3,000	12,000	4,000	70	70	0	BMA, HWI
326	395	**Columbia Lumber,** Columbia, S.C.	17	15	13.3	10	5	5	5	1,000	4,000	4,200	150	NA	1	LMC
327	274	**Hoida Lumber Inc.,** Green Bay, Wis.	17	20	–15.0	10	10	1	1	6,000	6,000	NA	125	125	0	CBS, LMC
328	155	**Champion Lumber,** Riverside, Calif.	17	30	–43.3	5	5	1	1	10,000	10,000	2,500	39	60	0	BMA
329	277	**Pine Cone Lumber,** Sunnyvale, Calif.	17	20	–15.0	5	5	1	1	15,000	15,000	NA	75	85	5	BMA
330	333	**Bagnal Builders Supply,** Columbia, S.C.	17	17	0.0	5	10	1	1	10,000	10,000	4,500	60	60	0	BMA
331	396	**Allied Trades Inc.,** Denver	17	15	13.3	5	5	1	1	5,000	5,000	10,000	141	141	8	DA
332	335	**Pintchik Inc.,** Brooklyn, N.Y.	16	16	0.0	90	90	6	6	12,500	75,000	12,000	150	125	NA	Ace
333	336	**Hardware City Home Center,** Silver Spring, Md.	16	16	0.0	85	75	4	4	15,000	60,000	19,000	175	125	30	HWI, SS
334	354	**Dunn Lumber,** Seattle*	16	15	6.7	80	80	10	9	10,000	100,000	NA	100	100	NA	
335	337	**Bering Home Center Inc.,** Houston	16	16	0.0	70	75	2	2	27,500	55,000	30,000	175	110	25	HWI
336	368	**Higginbotham-Bartlett Co.,** Lubbock, Texas	16	15	6.7	60	40	36	36	15,800	570,000	10,000	150	150	1	HWI
337	341	**Payless Building Supply,** Chico, Calif.	16	16	0.0	60	50	5	5	6,000	30,000	7,000	100	80	25	BMA
338	357	**Guadalupe Lumber & Supply Co.,** San Antonio	16	15	6.7	60	60	2	2	150,000	300,000	9,000	80	55	10	C, HHW

*NHCN estimate

[19]Total showroom square foot represents seven buildings.

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NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
339	434	**Norris Rader Inc.,** New Iberia, La.	16	13	23.1	50	40	3	3	10,000	30,000	7,500	100	100	0	HWI
340	343	**A.D. Moyer Lumber & Hardware Inc.,** Gilbertsville, Pa.	16	16	0.0	50	35	2	2	10,200	20,400	12,000	70	NA	5	SS
341	280	**Certified Lumber & Home Center Corp.,** Brooklyn, N.Y.	16	19	−15.8	50	50	2	2	10,000	20,000	NA	100	100	0	Ace, C
342	363	**Economy Builders Supply Inc.,** Sandy, Utah	16	15	6.7	40	50	3	3	23,000	70,000	7,000	160	180	60	Ace, BMA
343	359	**G.V. Moore Lumber Co.,** Ayer, Mass.	16	15	6.7	40	60	5	5	14,000	70,000	16,000	100	115	10	C, LMC
344	323	**F. Diehl & Sons Inc.,** Wellesley, Mass.	16	17	− 5.9	35	35	1	1	37,000	37,000	10,000	62	62	13	LMC, SS
345	374	**La Crosse Lumber Co.,** Louisiana, Mo.	16	15	6.7	30	30	17	17	2,350	40,000	10,000	110	110	5	HWI
346	375	**Imperia Brothers Inc.,** Pelham Manor, N.Y.	16	15	6.7	25	25	2	2	17,500	35,000	30,000	75	75	1	Ace, ENAP
347	347	**Barrons Gaithersburg Lumber,** Gaithersburg, Md.	16	16	0.0	25	25	1	1	20,000	20,000	17,000	60	NA	10	SS
348	350	**Fifth Avenue Lumber Co.,** Columbus, Ohio	16	16	0.0	20	20	5	5	5,000	25,000	10,000	150	NA	1	HWI
349	442	**Orgain Building Supply,** Clarksville, Tenn.	16	13	23.1	20	30	1	1	8,500	8,500	11,000	100	70	3	BMA, HWI, LMC
350	291	**Buena Park Lumber & Hardware,** Buena Park, Calif.	16	19	−15.8	15	20	1	1	22,000	22,000	30,000	75	90	0	Ace, C
351	383	**Holmes Lumber & Building Center,** Millersburg, Ohio	16	15	6.7	15	15	1	1	7,000	7,000	10,000	48	48	0	SS
352	334	**Kleet Lumber Co.,** Huntington, N.Y.	16	17	− 5.9	15	7	1	1	4,000	4,000	NA	50	50	0	SS
353	380	**Topeka Lumber Inc.,** Topeka, Kan.	16	15	6.7	10	20	2	2	62,000	124,000	15,000	50	55	0	BMA, CBS, SS
354	388	**Matthews & Fields Lumber Co.,** Rochester, N.Y.	16	15	6.7	10	10	2	2	2,500	5,000	8,000	70	70	0	HWI
355	488	**Scarborough Lumber & Building Supply,** Scotts Valley, Calif.	15	11	36.4	80	75	4	4	7,000	28,000	25,000	105	125	15	Ace
356	338	**Metropolitan Lumber & Hardware,** New York	15	16	− 6.3	70	70	4	4	11,250	45,000	10,000	200	200	3	SS
357	401	**Bartlett Enterprises Inc.,** Canadian, Texas	15	14	7.1	70	60	9	9	8,000	72,000	NA	48	48	3	Ace
358	356	**Hendrick's,** Troy, Ala.	15	15	0.0	70	70	4	4	45,000	180,000	10,000	90	NA	5	Ace, BMA
359	426	**Elliott's Hardware,** Dallas	15	14	7.5	60	65	2	1	43,000	86,000	32,000	190	128	20	C
360	358	**H. Greenberg & Son Inc.,** Bennington, Vt.	15	15	0.0	60	60	2	2	20,000	40,000	20,000	50	50	2	CBS, ENAP, HWI
361	409	**Miner Lumber,** Collinsville, Conn.	15	14	7.1	51	48	1	1	17,000	17,000	5,000	60	45	2	LMC, SS
362	361	**Goldsboro Builders Supply,** Goldsboro, N.C.	15	15	0.0	50	50	5	5	83,200	416,000	12,000	60	50	5	Ace, IBSA, LMC
363	360	**Morsches Builders Mart,** Columbia City, Ind.	15	15	0.0	50	50	5	5	12,000	60,000	15,000	80	60	8	BMA, C
364	407	**Higginbotham Brothers,** Comanche, Texas	15	14	7.1	50	50	18	18	3,000	50,000	15,000	150	150	4	HWI
365	362	**Habersham Hardware & Home Center,** Cornelia, Ga.	15	15	0.0	50	50	2	2	27,000	54,000	35,000	95	90	2	Ace, BMA, CBS
366	342	**Fisher/Malibu Lumber,** Santa Monica, Calif.	15	16	− 6.3	45	50	2	2	7,500	15,000	19,000	75	100	4	
367	377	**Mathew Hall Lumber Co.,** North St. Cloud, Minn.	15	15	0.0	40	25	2	2	7,000	14,000	3,000	72	70	3	Ace, BMA, LMC
368	365	**Sutersville Lumber,** Sutersville, Pa.[20]	15	15	0.0	40	40	3	3	2,800	8,500	11,000	80	65	0	C, LMC
369	435	**Stewart Lumber Co.,** Dickson, Tenn.	15	13	15.4	40	40	3	3	20,000	60,000	6,000	88	82	10	BMA, HWI
370	411	**Siding World Inc.,** Detroit	15	14	7.1	40	40	7	6	20,000	140,000	13,000	70	70	3	DA, PAL
371	369	**Schoeneman Brothers Co.,** Sioux Falls, S.D.	15	15	0.0	40	40	9	10	6,700	60,000	10,000	100	100	0	
372	440	**Black Lumber,** Bloomington, Ind.	15	13	15.4	35	33	6	6	8,000	42,000	11,500	74	60	8	CBS, HWI
373	327	**Snow Lumber & Home Decorating,** High Point, N.C.	15	17	−11.8	30	30	2	2	10,000	20,000	10,000	135	125	5	Ace, BMA, CBS
374	376	**Chopp & Co.,** Waldorf, Md.	15	15	0.0	30	25	1	1	6,000	6,000	1,500	90	75	5	
375	439	**Hackmann Lumber Co.,** St. Charles, Mo.	15	13	15.4	30	35	2	2	12,500	25,000	15,000	110	110	NA	HWI
376	419	**Bliffert Lumber & Home Center,** Milwaukee	15	14	7.1	25	25	4	4	NA	NA	15,000	50	50	3	HWI
377	190	**Midland Lumber & Supply,** Midland Park, N.J.	15	25	−40.0	25	30	1	2	10,000	10,000	15,000	70	125	0	Ace, BMA
378	348	**Hale Kauai Ltd.,** Lihue, Island of Kaui, Hawaii	15	16	− 6.3	25	25	2	2	6,500	13,000	18,000	74	75	2	C
379	267	**Fairfax Lumber & Millwork,** Springfield, Va.	15	20	−25.0	25	20	2	2	5,000	10,000	8,000	70	75	0	BMA
380	421	**General Wholesale Building Supply,** New Bern, N.C.	15	14	7.1	20	20	1	1	110,000	110,000	10,000	110	110	5	LMC
381	306	**Morrell Builders Supply Co.,** Hyde Park, N.Y.	15	18	−16.7	20	20	1	1	12,000	12,000	NA	55	65	0	
382	498	**Hundman Lumber Do-It Center,** Bloomington, Ill.	15	11	36.4	20	15	1	1	20,000	20,000	20,000	75	50	1	HWI
383	244	**Home Lumber,** San Bernadino, Calif.	15	21	−28.6	20	20	2	2	10,000	20,000	4,000	35	35	6	HWI
384	384	**Northwest Building Materials & Supply,** Park Ridge, Ill.	15	15	0.0	15	15	4	4	10,000	40,000	2,000	60	60	0	HWI, PRS
385	352	**Elmsford Interstate Building Materials,** Elmsford, N.Y.	15	16	− 6.3	10	10	2	2	22,500	45,000	6,000	57	60	1	BMA

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[20]Includes one window and door store.

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386	231	**Western Lumber,** National City, Calif.	15	22	−31.8	10	10	5	4	6,800	34,000	8,000	286	270	15	
387	389	**Griggs Lumber & Produce Co.,** Point Harbor, N.C.	15	15	0.0	10	10	3	3	7,000	20,000	1,000	40	40	0	HWI
388	311	**Naples Lumber & Supply,** Naples, Fla.	15	18	−16.7	10	5	1	1	3,000	3,000	5,000	70	105	1	SS
389	275	**Wille Brothers Co.,** Alsip, Ill.	15	20	−25.0	5	10	2	2	3,500	7,000	6,000	20	20	0	HWI
390	393	**Yakle Lumber Yard Co.,** Palm Harbor, Fla.	15	15	0.0	5	5	1	1	2,600	2,600	6,500	60	35	0	SS
391	425	**N.B. Goodwyn & Son,** Chesterfield, Va.	15	14	7.1	5	5	1	1	3,800	3,800	8,000	67	62	NA	HWI
392	397	**Serv-U Hardware Home Centers,** Springfield, Mass.[21]	14	14	0.0	90	75	8	9	42,000	120,000	25,000	200	NA	30	C
393	427	**Santa Barbara Home Improvement Centers,** Santa Barbara, Calif.	14	13	7.7	85	85	1	1	50,000	50,000	25,000	63	63	2	Ace
394	355	**Chelsea Lumber,** Chelsea, Mich.	14	15	− 6.7	80	80	1	1	24,000	24,000	9,000	60	60	0	Ace, BMA, CBS
395	404	**Mendo Mill & Lumber Co.,** Ukiah, Calif.	14	14	0.0	70	56	4	4	15,000	60,000	18,000	110	131	5	Ace, BMA
396	406	**American Home & Hardware,** Elkton, Md.	14	14	0.0	67	50	2	2	20,000	40,000	40,000	95	103	10SS	
397	400	**Rugg Manufacturing Inc.,** Greenfield, Mass.	14	14	0.0	60	60	2	2	7,500	15,000	15,000	80	100	3	LMC, SS
398	403	**Marine Lumber,** Nantucket, Mass.	14	14	0.0	60	60	1	1	50,000	50,000	50,000	85	85	4	Ace
399	402	**Jerry's Building Materials,** Eugene, Ore.	14	14	0.0	60	60	1	1	60,000	60,000	30,000	150	70	50	Ace, BMA
400	431	**Anawalt Lumber & Materials Co.,** Pacoima, Calif.	14	13	7.7	50	50	4	4	12,500	50,000	18,000	100	100	3	C
401	461	**Walker Builders Inc.,** Baileyton, Ala.	14	12	16.7	50	50	1	1	4,000	4,000	NA	50	60	0	
402	413	**Rafael Lumber Co.,** San Rafael, Calif.	14	14	0.0	40	40	1	1	30,000	30,000	18,500	55	55	3Ace	
403	408	**G.W. White & Son,** Watertown, N.Y.	14	14	0.0	40	50	3	3	8,300	25,000	11,000	55	50	0	LMC
404	423	**Volco Inc.,** Jerome, Idaho	14	14	0.0	35	15	4	4	17,500	70,000	11,000	160	160	0	Ace, BMA
405	344	**Allensville Planing Mill,** Allensville, Pa.	14	16	−12.5	35	35	4	4	8,500	34,000	18,000	160	190	3	C
406	447	**NFL Building Center,** Daphne, Ala.	14	13	7.7	35	25	3	3	10,000	30,000	12,000	100	100	0	Ace, BMA, SS
407	412	**John's Lumber & Hardware,** Mt. Clemens, Mich.	14	14	0.0	35	40	2	2	7,000	14,000	10,000	75	50	3	BMA, C
408	433	**Friend Building Centers,** Lowell, Mass.	14	13	7.7	35	50	2	2	10,500	21,000	18,000	90	58	5	Ace, BMA
409	416	**Preston Feather Building Center,** Petoskey, Mich.	14	14	0.0	30	30	3	3	18,666	56,000	15,000	60	55	NA	PAL
410	370	**Jackson Lumber & Millwork,** Lawrence, Mass.	14	15	− 6.7	30	35	1	1	18,000	18,000	10,120	85	85	0	Ace, LMC
411	446	**Graber Post Buildings,** Montgomery, Ind.	14	13	7.7	30	25	1	1	3,400	3,400	3,000	80	85	NA	
412	303	**Narrowsburg Lumber Co.,** Narrowsburg, N.Y.	14	18	−22.2	30	30	4	4	3,000	12,000	15,000	63	70	1	Ace
413	417	**Geiger Lumber & Supply Co.,** Tallman, N.Y.	14	14	0.0	30	26	1	1	15,000	15,000	60,000	45	40	0	ENAP, SS
414	378	**Reistertown Lumber,** Reistertown, Md.	14	15	− 6.7	25	20	1	1	5,000	5,000	NA	75	70	3	CBS, ENAP, SS
415	263	**Imperial Valley Lumber Co.,** San Dimas, Calif.	14	20	−30.0	25	25	5	5	2,400	12,000	5,000	90	70	10	C
416	379	**SBS Building & Home Center,** Marysville, Calif.	14	15	− 6.7	25	20	2	2	10,500	21,000	15,000	68	80	0	Ace, BMA
417	443	**Snohomish Building Center,** Snohomish, Wash.	14	13	7.7	25	25	2	2	5,000	10,000	18,000	52	52	3	Ace
418	418	**GBS Lumber,** Mauldin, S.C.	14	14	0.0	25	25	3	3	6,700	20,000	7,000	65	65	0	HWI, LMC
419	371	**Oldham Lumber Co.,** Dallas	14	15	− 6.7	20	35	1	1	10,000	10,000	3,000	35	25	0	SS
420	392	**Tindell's Inc.,** Knoxville, Tenn.	14	15	− 6.7	20	10	3	3	5,000	15,000	3,000	60	90	0	HWI, IBSA
421	330	**Southampton Lumber Co.,** Southampton, N.Y.	14	17	−17.6	20	20	3	5	8,300	25,000	10,000	70	70	3	C, LMC
422	472	**Standard Builders Supply,** Salt Lake City	14	12	16.7	20	20	1	1	3,000	3,000	4,200	40	40	3	C
423	449	**Arcadia Lumber Co.,** Arcadia, Calif.	14	13	7.7	15	20	2	2	5,000	10,000	30,000	50	NA	5	
424	420	**McGinnes Lumber Co.,** Plant City, Fla.	14	14	0.0	10	20	1	1	7,000	7,000	12,000	66	73	1	BMA, LMC, SS
425	450	**Randall Brothers Inc.,** Atlanta	14	13	7.7	10	20	1	1	3,500	3,500	8,000	100	85	0	LMC
426	387	**Belair Road Supply Co.,** Baltimore	14	15	− 6.7	10	10	2	3	6,000	12,000	15,000	47	46	0	BMA, C
427	452	**Kaper's Building Materials,** Demotte, Ind.	14	13	7.7	10	10	1	1	6,000	6,000	70,000	42	36	0	LMC
428	424	**Burton Lumber & Hardware,** Salt Lake City	14	14	0.0	10	10	2	2	7,000	14,000	2,000	54	45	0	Ace
429	482	**R.L. Sweet Lumber Co.,** Olathe, Kan.	14	12	16.7	10	10	2	2	3,000	6,000	3,500	100	100	3	
430	453	**Banner Lumber Co.,** Detroit	14	13	7.7	10	10	1	1	2,500	2,500	8,500	40	40	2	SS
431	353	**Essen Hardware & Lumber,** St. Louis	13	15	−13.3	90	90	9	9	16,700	150,000	10,000	155	155	15	HWI
432	428	**Handyman Home Centers,** Fairborn, Ohio	13	13	0.0	90	85	9	8	15,000	135,000	9,000	180	120	33	Ace
433	486	**Kabelin Hardware Co.,** La Porte, Ind.	13	11	18.2	80	90	3	3	40,000	120,000	6,000	180	180	0	C
434	489	**Delta Home Center,** Escanaba, Mich.	13	11	18.2	75	75	4	3	25,000	100,000	25,000	180	140	4	HWI
435	429	**The Corning Building Co.,** Corning, N.Y.	13	13	0.0	65	80	1	1	42,500	42,500	26,000	100	80	10	C, LMC
436	430	**Stone's Inc.,** Bainbridge, Ga.	13	13	0.0	60	60	8	8	7,500	56,000	10,000	100	100	3	DA
437	432	**Len-Co Lumber Corp.,** Buffalo, N.Y.*	13	13	0.0	50	50	1	1	27,000	27,000	40,000	70	80	0	
438	492	**Marriner Lumber Home Center,** Brunswick, Maine	13	11	18.2	50	50	3	3	6,700	20,000	15,000	50	50	4	
439	495	**Porter's Building Center,** Kearny, Mo.	13	11	18.2	40	40	5	5	10,000	50,000	20,000	100	75	20	HWI
440	414	**H.G. Page & Sons,** Poughkeepsie, N.Y.	13	14	− 7.1	40	35	1	1	25,000	25,000	35,000	75	80	10	Ace, SS

*NHCN estimate

[21] Includes three automotive stores and two paint stores.

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A-P = All-Pro; ABS = Allied Building Stores; BMA = Builder Marts of America; BW = Builders World; C = Cotter; CBS = Central Builders Supply; CR = Co-op Reserve; DA = Distribution America; EN = Eagle Nation; ENAP = Everyone Needs a Profit; HHW = Handy Hardware Wholesalers; HWI = Hardware Wholesalers Inc.; IBSA = Independent Builders Supply Association; LMC = Lumbermens Merchandising Corp.; NSDA = National Supply Distributors Association; P = Peddlers; PAL = Progressive Affiliated Lumbermen; PRS = Philadelphia Reserve Supply; SS = ServiStar.

NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
441	493	**C.H. Carpenter Lumber Co.,** Minneapolis	13	11	18.2	40	40	7	7	10,000	70,000	20,000	70	NA	0	
442	438	**Spencer Lumber Co.,** Auburn, Ala.	13	13	0.0	40	40	2	2	2,375	4,500	1,000	50	50	15	SS
443	437	**Maki Corp.,** Lunenburg, Mass.	13	13	0.0	40	40	2	2	25,000	50,000	1,800	60	55	10	BMA, SS
444	466	**Phillips Building Supply Inc.,** Gulfport, Miss.	13	12	8.3	40	40	4	4	10,000	40,000	13,000	50	50	3	ABS, HWI
445	441	**Forestville Lumber,** Plainville, Conn.	13	13	0.0	30	30	1	1	25,000	25,000	NA	15	13	0	
446	460	**Brookside Lumber & Supply,** Bethel Park, Pa.	13	12	8.3	30	50	1	1	10,000	10,000	12,500	70	70	0	Ace, BMA, CBS, LMC
447	469	**U.L. Harman Inc.,** Marydel, Del.	13	12	8.3	30	30	3	3	6,000	20,000	4,000	66	68	5	SS
448	448	**Harbin Lumber Co.,** Lavonia, Ga.	13	13	0.0	25	25	6	6	12,000	50,000	2,000	70	75	0	HWI
449	474	**Aura Hardwood Lumber,** San José, Calif.	13	12	8.3	25	20	4	4	7,500	30,000	2,500	40	42	0	
450	444	**Crosslin Supply Co.,** Eagleville, Tenn.	13	13	0.0	25	25	3	3	NA	NA	NA	60	60	NA	BMA, HWI, LMC
451	476	**Chase Lumber & Fuel Co.,** Sun Prairie, Wis.	13	12	8.3	25	20	4	4	4,750	19,000	12,000	48	40	13	Ace, BMA
452	477	**Glasers Lumber Co.,** Vernon, Mich.	13	12	8.3	20	20	3	2	6,700	20,000	6,000	35	35	3	BMA, SS
453	471	**Atlas Builders Supply Co.,** Los Angeles	13	12	8.3	20	20	1	1	5,000	5,000	8,000	25	25	2	
454	386	**Hatch & Bailey Co.,** S. Norwalk, Conn.	13	15	−13.3	15	10	2	2	2,250	4,500	6,000	54	80	3	BMA
455	422	**Adams Building Materials,** Winter Haven, Fla.	13	14	− 7.1	15	15	3	3	6,700	20,000	15,000	100	120	0	C, LMC
456	394	**Fort Myers Lumber & Supply,** Fort Myers, Fla.	13	15	−13.3	5	5	1	1	10,000	10,000	2,000	100	115	0	
457	454	**Coleman's Hamilton Supply Co.,** Trenton, N.J.	13	13	0.0	5	5	2	2	2,500	5,500	14,000	53	55	11	C
458	500	**Self Serve Lumber,** Saginaw, Mich.	12	10	20.0	100	100	12	11	15,000	180,000	12,000	110	105	50	SS
459	455	**The Big Four Lumber Co.,** Cleveland	12	12	0.0	85	85	2	2	20,000	40,000	26,000	100	100	0	Ace
460	456	**L. Werninck & Sons Supply,** Freeville, N.Y.	12	12	0.0	70	80	2	2	45,000	90,000	NA	14	12	0	
461	399	**Mass Hardware & Supply,** Waltham, Mass.	12	14	−14.3	65	65	2	2	28,000	56,000	22,000	90	90	20	SS
462	457	**Archer Building Center,** Oneonta, N.Y.	12	12	0.0	65	65	5	5	8,800	44,000	7,500	65	65	15	HWI, LMC
463	458	**Tum-A-Lum Lumber Co.,** Walla Walla, Wash.	12	12	0.0	60	60	10	10	10,000	100,000	20,000	78	78	2	HWI
464	487	**Bob's Ace Hardware,** Rockford, Ill.	12	11	9.1	60	80	1	1	60,000	60,000	25,000	120	150	50	Ace
465	462	**Henson Timber Products Corp.,** Forest City, N.C.	12	12	0.0	50	50	4	4	6,000	24,000	NA	75	75	NA	IBSA
466	364	**Flanagan & Nist,** Wheeling, W.V.	12	15	−20.0	50	50	3	4	5,000	15,000	5,000	74	92	10	
467	463	**Weisman Lumber Co.,** Rockaway Beach, N.Y.	12	12	0.0	50	50	2	2	5,000	10,000	10,000	66	66	NA	
468	299	**Dooley's Hardware Mart,** Long Beach, Calif.	12	18	−33.3	50	50	1	1	150,000	150,000	10,000	80	170	30	C
469	490	**Niehaus Lumber Co.,** Vincennes, Ind.	12	11	9.1	50	60	1	1	13,500	13,500	20,000	70	60	0	HWI
470	491	**Collins Pine Co.,** Portland, Ore.	12	11	9.1	50	50	3	3	NA	NA	15,000	650	580	1	BMA
471	410	**Landreth Lumber Co.,** Bunker Hill, Ill.	12	14	−14.3	50	45	6	6	9,500	57,000	18,000	95	95	20	BMA, HWI
472	464	**Shone Lumber & Building Materials,** Stanton, Del.	12	12	0.0	50	45	1	1	13,400	13,400	10,000	51	53	0	BMA, PRS, SS
473	405	**Hamshaw Lumber,** Keene, N.H.	12	14	−14.3	45	50	2	2	18,000	36,000	16,000	56	42	20	Ace
474	465	**Askew's Inc.,** New Bern, N.C.	12	12	0.0	40	40	2	2	20,000	40,000	NA	75	75	2	Ace
475	494	**Tri-County Building Center,** Cedarville, Mich.	12	11	9.1	40	40	5	5	2,500	12,500	10,000	75	75	4	PAL, SS
476	436	**Foreman's Inc.,** Elizabeth City, N.C.	12	13	− 7.7	40	40	4	4	8,000	32,000	5,000	39	47	13	BMA, SS
477	366	**Terminal Builders Marts,** Gadsden, Ala.	12	15	−20.0	40	40	2	2	30,000	60,000	13,500	50	50	33	BMA, HWI
478	459	**Davis Lumber Co.,** Texarkana, Ark.	12	12	0.0	35	60	4	5	10,000	40,000	20,000	85	70	0	ABS
479	372	**Somerville Lumber Co.,** Bridgewater, N.J.	12	15	−20.0	30	30	1	1	8,000	8,000	15,000	50	58	0	BMA, SS
480	467	**Tart Lumber Co.,** Sterling, Va.	12	12	0.0	30	30	1	1	7,000	7,000	8,000	50	50	0	BMA, SS
481	345	**Brook Contractors Supply Co.,** Holbrook, Mass.	12	16	−25.0	30	30	1	1	1,700	1,700	1,000	30	30	0	
482	302	**Bakersfield Lumber Co.,** Bakersfield, Calif.	12	18	−33.3	30	33	1	1	50,000	50,000	30,000	100	100	30	HWI
483	470	**Lampe Lumber,** Tulare, Calif.	12	12	0.0	30	30	3	3	4,000	12,000	14,500	100	100	4	C
484	468	**Homan Lumber Mart,** Elkhart, Ind.	12	12	0.0	30	30	2	2	11,000	22,000	18,000	60	65	30	BMA, CBS, HWI
485	480	**Brunsell Lumber & Millwork,** Madison, Wis.	12	12	0.0	25	15	2	2	NA	NA	5,000	64	64	1	CBS
486	496	**Abilene Lumber Inc.,** Abilene, Texas	12	11	9.1	25	30	1	1	15,000	15,000	20,000	63	58	2	ABS, Ace
487	445	**Rim Forest Lumber Co.,** Rimforest, Calif.	12	13	− 7.7	25	25	1	1	3,000	3,000	18,500	40	40	2	Ace
488	349	**J.S. Hayes Building Supplies,** Gainsville, Va.	12	16	−25.0	25	25	1	1	8,000	8,000	15,000	32	32	0	SS
489	475	**Tynan Lumber,** Salinas, Calif.	12	12	0.0	20	20	4	4	2,000	8,000	3,000	52	52	3	C
490	473	**Denlinger Inc.,** Paradise, Pa.*	12	12	0.0	20	20	1	1	8,000	8,000	15,000	200	200	NA	
491	497	**S.S. Smith Lumber Co.,** Belton, S.C.	12	11	9.1	20	20	1	1	8,000	8,000	3,500	20	20	0	IBSA
492	351	**City Builders Supply,** Worcester, Mass.*	12	16	−25.0	20	20	1	1	NA	NA	NA	20	20	0	
493	451	**Taylor Brothers,** Lynchburg, Va.	12	13	− 7.7	18	16	1	1	12,500	12,500	2,000	72	90	1	BMA, HWI
494	309	**Wallich Lumber,** Detroit	12	18	−33.3	15	11	1	1	10,000	10,000	10,000	60	75	1	C
495	479	**Christmas Lumber Co.,** Harriman, Tenn.	12	12	0.0	15	15	2	2	9,000	18,000	10,000	40	35	0	BMA, LMC

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NHCN chart

RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	% Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Sq. Ft. Store avg. 1991	Sq. Ft. Chain total 1991	Skus store avg. 1991	Employees 1991	Employees 1990	% of Employees part-time 1991	Buying/ mktg group 1991
496	478	**Southland Lumber & Supply,** Inglewood, Calif.	12	12	0.0	15	15	1	1	4,800	4,800	20,000	24	24	NA	
497	484	**H.J. Granger & Sons Inc.,** Jacksonville, Fla.	12	12	0.0	10	10	1	1	30,000	30,000	10,000	100	100	0	HWI, LMC
498	483	**Johnson Lumber Co.,** Salisbury, Mass.	12	12	0.0	10	10	1	1	10,000	10,000	20,000	25	25	0	SS
499	499	**Asheboro Building Supply & Hardware,** Asheboro, N.C.	12	11	9.1	10	10	2	2	10,000	20,000	15,000	50	50	5	BMA, HWI
500	385	**Grubb Lumber,** Wilmington, Del.	12	15	−20.0	10	10	1	1	10,000	10,000	8,000	36	36	0	BMA
		Pegram West Inc., Greensboro, N.C.	12	12	0.0	10	10	1	1	4,000	4,000	2,500	45	44	NA	BMA, DA
		McMichael Lumber, Pompano Beach, Fla.	12	12	0.0	5	5	1	1	12,000	12,000	12,000	27	20	1	C
		Top 10 Totals and *Averages*	**19,011**	16,575	*14.5†*	***76***	*79*	**1,661**	1,601	***64,100***	**9,105,514**[r]	***28,600***	**123,068**	108,700	***25***	
		Top 25 Totals and *Averages*	**25,400**	22,935	*10.7†*	***75.4***	*76.6*	**2,811**	2,795	***44,548***	**4,848,205**[l]	***24,400***	**171,586**	157,450	***28***	
		Top 50 Totals and *Averages*	**28,917**	26,622	*8.6†*	***60.8***	*61.2*	**3,610**	3,639	***32,293***	**2,702,146**[l]	***21,650***	**195,644**	182,854	***21***	
		Top 100 Totals and *Averages*	**31,882**	29,731	*7.2†*	***53.6***	*53.1*	**4,136**	4,168	***27,040***	**1,464,621**[l]	***18,449***	**212,499**	197,685	***15***	
		Top 200 Totals and *Averages*	**34,997**	32,781	*6.8†*	***46.0***	*46.3*	**4,710**	4,734	***22,942***	**766,317**[l]	***17,031***	**229,968**	214,544	***11***	
		Top 300 Totals and *Averages*	**37,045**	34,865	*6.3†*	***41.6***	*42.0*	**5,125**	5,147	***21,214***	**535,039**[l]	***16,199***	**240,781**	225,095	***9***	
		Top 400 Totals and *Averages*	**38,629**	36,478	*5.9†*	***40.0***	*40.2*	**5,464**	5,486	***20,429***	**412,264**[l]	***15,342***	**249,961**	233,279	***8***	
		Top 500 Totals and *Averages*	**39,916**	37,805	*5.6†*	***38.8***	*39.2*	**5,725**	5,748	***19,098***	**337,388**[l]	***15,017***	**257,655**	240,811	***8***	
		Total U.S. Home Center/ Building Materials Sales**	**67,150**	66,765	*0.1*											
		Total U.S. Hardware Store Sales**	**13,087**	13,301	*−1.6*											
		Total U.S. Home Improvement Sales**	**80,237**	80,066	*0.2*											

**NHCN* estimate

**Source: U.S. Department of Commerce

[l] Chain total represents the average for each segment

†The percentage change represents the difference, from year to year, of aggregate dollar sales in each sector. When the actual percentage changes for each company are tabulated and compared, a very different picture of the industry's growth emerges: Top 10: 11.1 percent; Top 25: 5.9 percent; Top 50: 2.2 percent; Top 100: -0.4 percent; Top 200: 1.7 percent; Top 300: 0.9 percent; Top 400: 0.7 percent; Top 500: 0.3 percent.

Buying group designations:
A-P = All-Pro; ABS = Allied Building Stores; BMA = Builder Marts of America; BW = Builders World; C = Cotter; CBS = Central Builders Supply; CR = Co-op Reserve; DA = Distribution America; EN = Eagle Nation; ENAP = Everyone Needs a Profit; HHW = Handy Hardware Wholesalers; HWI = Hardware Wholesalers Inc.; IBSA = Independent Builders Supply Association; LMC = Lumbermens Merchandising Corp.; NSDA = National Supply Distributors Association; P = Peddlers; PAL = Progressive Affiliated Lumbermen; PRS = Philadelphia Reserve Supply; SS = ServiStar.

NHCN chart

Alphabetical Listing of the Industry Top 500

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Abilene Lumber Inc.....486
Roy White

ACO Inc.....52
Heber Noseworthy

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Greg Adams

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Randall Puckett

Albert R. Lavalley Lumber.....258
Michael Rivard

Alexander Lumber.....45
Walter Alexander

All American Home Center.....145
Leonard Gertler

Allen Lumber Co.....314
Gary Allen

Allensville Planing Mill.....405
Karl J. Westover

Allied Trades Inc.....331
Charles Goldberg

Alpine Lumber.....325
C.K. Oram

American Home & Hardware.....396
Harry Hammond

Anawalt Lumber & Materials Co..400
Gary Anawalt

Anderson Lumber.....41
James Beardall

Arcadia Lumber Co.....423
Linda Crosby

Archer Building Center.....462
Olon Archer

Arnold Lumber Co.....316
Arthur P. Arnold Jr.

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Asheboro Building Supply.....499
Bruce Ayres

Askew's Inc.....474
Milton H. Askew Jr.

Atlas Builders Supply Co.....453
Tom Wang

Aura Hardwood Lumber.....449
Kellen Aura

A.C. Houston Lumber.....58
Robert A. Houston

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A.H. Angerstein.....298
Bruce Greene

A.J. Smith Co.....249
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A.L. Kilgo Co Inc.....283
A.L. Kilgo

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Bison Building Materials.....95
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R.B. Fancher

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J.H Patterson Co. .....255 Lloyd Gates
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Kabelin Hardware Co. .....433 J.T. Kabelin
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Lappo Lumber.....201 Seth Middlecamp
Lavalley Building Supply.....251 Harold Lavalley
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Miron Building Products.....36 Steve Miron
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Morrell Builders Supply Co. .....381 Morell Kessel
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Mortimer & Son Lumber Co.....279 Franklin Mortimer
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Moss Lumber Co. .....265 Hollis Moss
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M.L. Claster & Sons .....94 Jay Claster
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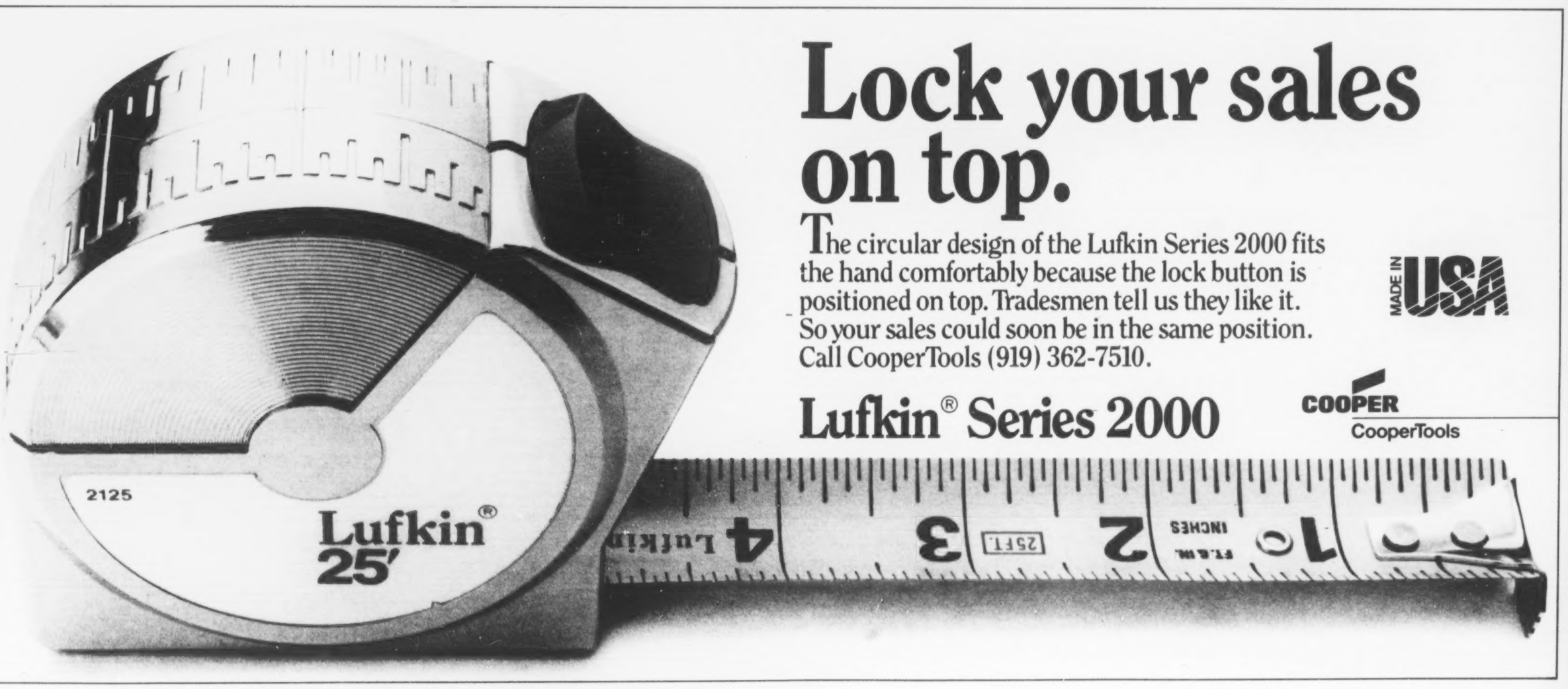

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New stores improve productivity picture

NATIONAL REPORT — While it was sometimes hard to find vitality in the home improvement industry, it did pop up in pockets throughout the U.S. last year, as companies large and small bucked the recession with growth and improved productivity.

The 25 largest retailers, for example, increased their per-store sales by an average of nearly 11 percent and their sales per employee by 19 percent over 1990.

Despite the erosion of the home building and remodeling markets, a number of contractor-oriented chains and independents expanded through new store openings and acquisition.

However, other dealers in weak markets like New England and Southern California fared poorly. And as dealers cut costs to maintain profits, it appears they are turning more to part-time employees, who sometimes don't have either the training or the commitment to offer the customer service that's essential these days for home improvement retailers to be competitive.

Dealers go with part-timers

This is the first year in which *NHCN* has run data on the number of part-timers home centers have in their employ. And while some chains declined to divulge this information, it's still instructive to compare the available numbers to see if they reflect the operations or image of a particular company.

For example, only 10 percent of the work force at Scotty's and Handy Andy, which are owned by Belgium's GIB Group, is part time. (Central Hardware, another GIB-owned chain, is the exception, with 40 percent part-timers.)

It isn't surprising to see that 65 percent of Rickel's employees are part-timers, as that chain was the first in the industry to experiment with hiring 15-year-olds. But Hechinger, with a very strong reputation for customer service, hires half of its workers on a part-time basis, as does Builders Emporium and Orchard Supply Hardware, two chains that have also been touting their stores' services.

It's difficult to draw conclusions from these numbers. Is customer service at Pay 'N Pak, which reports only 10 percent of its work force is part time, noticeably better than at Grossman's or Menard's, 38 percent of whose employee ranks are part-timers?

It appears that some chains in the industry believe they can deliver good service and keep SG&A costs down, a proposition that no doubt would be challenged by some of their competitors.

Trouble in the home

No amount of customer service, though, could change the fact that home building and remodeling were off seriously in 1991. And those companies that cater to contractors and other professionals bore the brunt of this decline.

The chart on page 99 shows the sales leaders among retailers that get 75 percent or more of their sales from pros, and the news was not great: 12 of the 15 companies reported sales declines.

In fact, when one looks at the companies throughout the top 500 that suffered the severest sales drops, one finds that five of the ten—Gerrity Lumber, Hancock Lumber, Terry Cos., Dixieline Lumber and Barr Lumber—are heavily contractor-oriented.

It's more than just a coincidence as well that these four

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Top 10 Percentage Increase Among the Top 100 Companies

Rank 1991	Company	Sales ($ Millions) 1991	1990	% Change 1991-1990
1	Home Depot	$5,137	$3,815	34.7
2	Foxworth-Galbraith Lumber	142	111	27.9
3	Great Plains Supply	58	48	20.8
4	Menard Inc.	965	800	20.6
5	Ridout Lumber	48	41	17.1
6	Hechinger	1,615	1,392	16.0
7	Handy Andy	500	440	13.6
8	McCoy's Building Supply Center	309	273	13.2
9	Carolina Builders	210	187	12.3
10	Ernst Home & Nursery	336	301	11.6
	Totals and *Averages*	$9,320	$7,408	*18.8**

*Average of percent change of the companies listed.

NHCN chart

***The top 10 leaders** in percentage growth among the top 100 averaged an 18.8 increase in sales last year, compared to an average 24.4 percent increase in 1990.*

Productivity of the Top 25

SALES PER SQUARE FOOT

Rank	Company	1991 ($ Mil.)	Total Footage 1991	Dollar Sales Per Square Foot
1	Erb Lumber	$ 353	500,000	$706
2	Wickes Lumber	750	1,339,000	560
3	Lanoga	462	1,050,000	440
4	Lowe's Cos.	3,056	8,016,136	381
5	Harcros Lumber & Building Supplies	350	936,000	374
6	Sutherland Lumber	792	2,160,000	367
7	Home Depot	5,137	16,480,000	312
8	Rickel Home Centers	410	1,604,000	256
9	Pergament Home Centers	355	1,440,000	247
10	Orchard Supply Hardware	310	1,295,000	239
11	Menard Inc.	965	4,200,000	230
12	Wolohan Lumber	304	1,346,000	226
13	McCoy's Building Supply Center	309	1,600,000	193
14	Pay 'N Pak	410	2,200,000	186
15	Grossman's	806	4,565,000	177
16	Hechinger	1,615	9,285,000	174
17	HomeClub	1,400	8,249,000	170
18	Builders Square	2,050	12,500,000	164
19	Builders Emporium	600	3,710,000	162
20	Payless Cashways	2,390	15,600,000	153
21	Ernst Home & Nursery	336	2,336,000	144
22	Central Hardware	340	2,470,000	138
23	Handy Andy	500	3,740,000	134
24	Scotty's	600	4,584,000	131
25	Eighty-Four Lumber	800	10,000,000	80
	Totals and *Averages*	25,440	4,848,205	*254*

SALES PER STORE

Rank	Company	Sales 1991 ($ Mil.)	Stores 1991	Sales Per Store ($ Mil.)
1	Home Depot	$ 5,137	174	$29.5
2	HomeClub	1,400	73	19.2
3	Menard Inc.	965	60	16.1
4	Hechinger	1,615	116	13.9
5	Builders Square	2,050	150	13.7
6	Payless Cashways	2,390	195	12.3
7	Pergament Home Centers	355	32	11.1
8	Rickel Home Centers	410	40	10.3
9	Lowe's Cos.	3,056	306	10.0
10	Sutherland Lumber	792	80	9.9
11	Central Hardware	340	38	8.9
12	Handy Andy	500	56	8.9
13	Orchard Supply Hardware	310	37	8.4
14	Erb Lumber	353	50	7.1
15	Pay 'N Pak	410	68	6.0
16	Wolohan Lumber	304	51	6.0
17	Grossman's	806	139	5.8
18	Builders Emporium	600	106	5.7
19	Harcros Lumber & Building Supplies	350	65	5.4
20	Wickes Lumber	750	141	5.3
21	Ernst Home & Nursery	336	73	4.6
22	Scotty's	600	158	3.8
23	Lanoga	462	137	3.4
24	McCoy's Building Supply Center	309	98	3.2
25	Eighty-Four Lumber	800	368	2.2
	Totals and *Averages*	25,400	2,811	*9.2*

SALES PER EMPLOYEE

Rank	Company	Sales 1991 ($ Mil.)	Employees 1991	Dollar Sales Per Employee
1	McCoy's Building Supply Center	$ 309	1,100	$280,909
2	Menard Inc.	965	3,500	275,714
3	Sutherland Lumber	792	3,000	264,000
4	Erb Lumber	353	1,400	252,143
5	Wickes Lumber	750	4,000	187,500
6	Pay 'N Pak	410	2,300	178,261
7	Eighty-Four Lumber	800	4,500	177,778
8	Harcros Lumber & Building Supplies	350	2,000	175,000
9	Lanoga	462	2,650	174,340
10	Wolohan Lumber	304	1,768	171,946
11	Grossman's	806	4,700	171,489
12	Home Depot	5,137	30,000	171,233
13	Lowe's Cos.	3,056	18,368	166,376
14	HomeClub	1,400	9,000	155,556
15	Ernst Home & Nursery	336	2,400	140,000
16	Payless Cashways	2,390	18,000	132,778
17	Pergament Home Centers	355	2,700	131,481
18	Builders Square	2,050	17,000	120,588
19	Builders Emporium	600	5,000	120,000
20	Hechinger	1,615	15,000	107,667
21	Rickel Home Centers	410	4,000	102,500
22	Handy Andy	500	5,000	100,000
23	Orchard Supply Hardware	310	3,400	91,176
24	Scotty's	600	6,800	88,235
25	Central Hardware	340	4,000	85,000
	Totals and *Averages*	25,400	171,586	*160,867*

NHCN charts

***The 25 largest retailers** increased their per-store sales by an average of nearly 11 percent and their sales per employee by 19 percent over 1990.*

Sales per square foot also fared better than in 1990, with an average dollar sale of $254 per square foot versus $199 in 1990.

Contractor chains hit hard

(Continued from page 96)

are located on the east or west coasts, where home building and remodeling activity was abysmal.

These pro-oriented retailers weren't helped any by the fact that much of the industry stepped up its efforts last year to pursue the same customers these retailers call their bread and butter.

Contractor-oriented companies got a double dose of trouble last year. In addition to the home building slump, much of the industry stepped up its efforts to pursue the same customers these retailers call their bread and butter.

For example, Home Depot, which led the industry in percentage sales increase last year, now gets 30 percent of its sales from contractors and remodelers, and has made a major effort to alter its merchandise and services to attract those clients.

Other companies, like Fox-worth-Galbraith, Great Plains Supply, Ridout Lumber and Carolina Builders, have also fared better than many of their counterparts in maintaining their professional accounts' business, as evinced by each chain's sales increases in 1991.

Top 10 Store Increase

Rank 1991	Company	Sales ($ Millions) 1991	1990	Stores 1991	1990	New Stores
1	**Home Depot**	**$5,137**	$3,815	**174**	145	**29**
2	**Eighty-Four Lumber**	**800**	767	**368**	342	**26**
3	**Lanoga**	**462**	425	**137**	124	**13**
4	**Menard Inc.**	**965**	800	**60**	48	**12**
5	**Cox Lumber**	**64**	68	**20**	12	**8**
6	**HomeClub**	**1,400**	1,260	**73**	66	**7**
7	**Builders Square**	**2,050**	1,890	**150**	144	**6**
8	**McCoy's Building Supply Center**	**309**	273	**98**	95	**3**
9	**Handy Andy**	**500**	440	**56**	53	**3**
10	**Brookhart Inc.**[1]	**40**	26	**9**	7	**2**
	Orchard Supply Hardware	**310**	290	**37**	35	**2**
	John H. Myers & Son	**27**	21	**5**	3	**2**
	Fagen's Building Centers	**110**	100	**28**	26	**2**
	Marling Lumber Co.	**26**	24	**4**	2	**2**
	Supply One Inc.	**30**	25	**5**	3	**2**
	Manis Lumber (Wheeler's)	**32**	30	**11**	9	**2**
	Terry Cos.	**130**	165	**16**	14	**2**
	Anderson Lumber	**107**	113	**23**	21	**2**

[1]The following companies tied for tenth place with two stores each: Brookhart; Orchard Supply Hardware; John H. Myers & Son; Fagen's Building Centers; Marling Lumber Co.; Supply One; Manis Lumber (Wheeler's); Terry Cos.; Anderson Lumber. *NHCN* chart

Top 10 Percentage Decrease Among the Top 100 Companies

Rank 1991	Company	Sales ($ Millions) 1991	1990	% Change 1991-1990
1	**Gerrity Lumber**	**$ 83**	$ 140	**−40.7**
2	**Channel Home Centers**	**260**	379	**−31.4**
3	**General Building Products**	**45**	62	**−27.4**
4	**West Building Materials**	**190**	257	**−26.1**
5	**Henry Bacon Building Materials**	**52**	70	**−25.7**
6	**Hancock Lumber Co.**	**43**	55	**−21.8**
7	**Terry Cos.**	**130**	165	**−21.2**
8	**Barr Lumber**	**65**	80	**−18.8**
9	**Pay 'N Pak**	**410**	499	**−17.8**
10	**Dixieline Lumber**	**115**	136	**−15.4**
	Totals and *Averages*	**$1,393**	$1,843	*−24.6**

*Average of percent change of the companies listed. *NHCN* chart

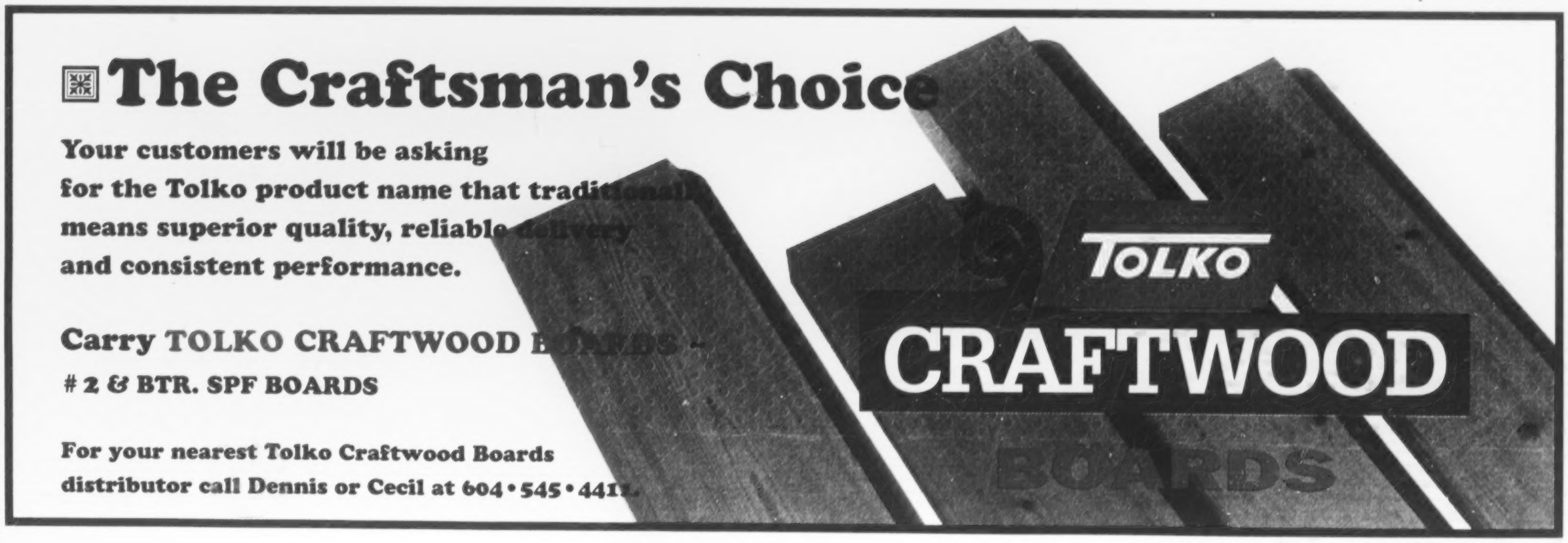
__The home building__ and remodeling slump of the past year took its toll on contractor-oriented companies.

Top Sales Among Contractor-Oriented Companies

Rank 1991	Company	Sales ($ Millions) 1991	1990	% Change 1991 1990	%DIY 1991	1990	Store 1991	1990
1	**BMC West,** Boise, Idaho	**219**	224	**− 2.2**	**25**	22	**28**	28
2	**Carolina Builders,** Raleigh, N.C.	**210**	187	**12.3**	**5**	5	**21**	21
3	**Leeds Building Products,** Marietta, Ga.	**140**	150	**− 6.7**	**10**	15	**18**	28
4	**Terry Cos.,** Tarzana, Calif.	**130**	165	**−21.2**	**6**	5	**16**	14
5	**Fagen's Building Centers,** Wexford, Pa.	**110**	100	**10.0**	**20**	15	**28**	26
6	**Parr Lumber,** Aloha, Ore.	**107**	102	**4.9**	**20**	30	**10**	9
7	**Strober Organization,** Brooklyn, N.Y.	**100**	110	**− 9.1**	**15**	15	**10**	9
8	**Thompson Building Materials,** Orange, Calif.	**86**	89	**− 3.4**	**21**	20	**9**	9
9	**Pelican Building Centers,** Conway, S.C.	**80**	89	**−10.1**	**25**	25	**12**	12
10	**A.C. Houston Lumber,** Wichita, Kan.	**80**	89	**−10.1**	**20**	15	**8**	8
11	**Builderway Inc.,** Greenville, S.C.	**70**	72	**− 2.8**	**20**	15	**14**	13
12	**Lyman Lumber,** Excelsior, Minn.	**70**	73	**− 4.1**	**5**	5	**3**	3
13	**Scherer Brothers Lumber,** Brooklyn, Minn.	**70**	75	**− 6.7**	**10**	10	**2**	2
14	**Barr Lumber,** Los Alamitos, Calif.	**65**	80	**−18.8**	**25**	20	**6**	6
15	**Cox Lumber,** St. Petersburg, Fla.	**64**	68	**− 5.9**	**20**	20	**20**	12

NHCN chart

***Home Depot, the top 1991** retailer in sales, lead the way in new stores with 29; 84 Lumber came in second, with 26 (top chart); Of the 15 leading companies that get 75 percent or more of their sales from pros, 12 reported sales declines (bottom chart).*



Circle (032) on Reader Service Card

Warehouse chains come out on top again

The warehouse store segment continued to outpace the rest of the industry in terms of growth and sales performance. And jockeying among the industry's largest companies led to some dramatic changes in how each segment growth can be perceived.

The warehouse chains—Home Depot, Builders Square and HomeBase—all had significant sales gains in 1991, and each reported an overall enlargement of their typical stores. (*NHCN* does not include HomeQuarters Warehouse in its calculation because Hechinger Co., its parent, has declined to break out HQ's sales from its total, although *NHCN* estimates that HQ's 31 stores generated around $550 million in sales last year.)

It should also be noted that the addition of 84 Lumber and the deletion of Wickes Lumber from the top 10 list altered the average size of stores in that segment significantly. (84 Lumber has 200 more stores than Wickes that are generally twice as large.)

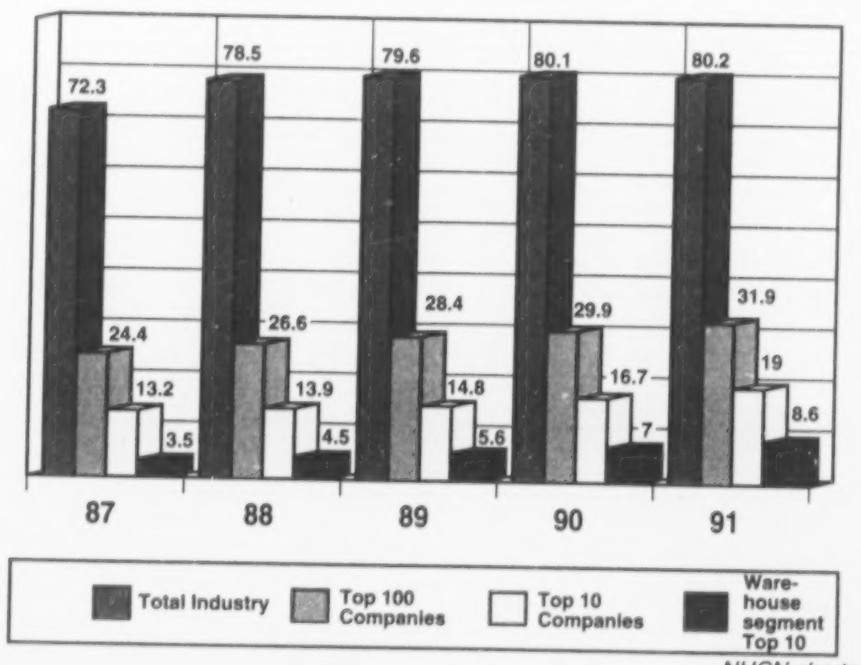
The top 10 chains opened 60 stores last year, and that caused the overall sales per store for this segment to decline slightly.

Because *NHCN* has expanded its overall Retail Scoreboard to 500 companies, the Top 100 segment now includes several lumberyard operators that do considerable volume but don't have large showrooms. Consequently, the average size of the store showroom for companies within the top 100 is now smaller than it has been in the past few years.

(As noted last year, the 1987 figures include the Agway nursery and farm supply chain that was subsequently removed from lists in the proceeding years. The store count that year is also skewed by the fact that Builders Square opened 50 units in 1987.)

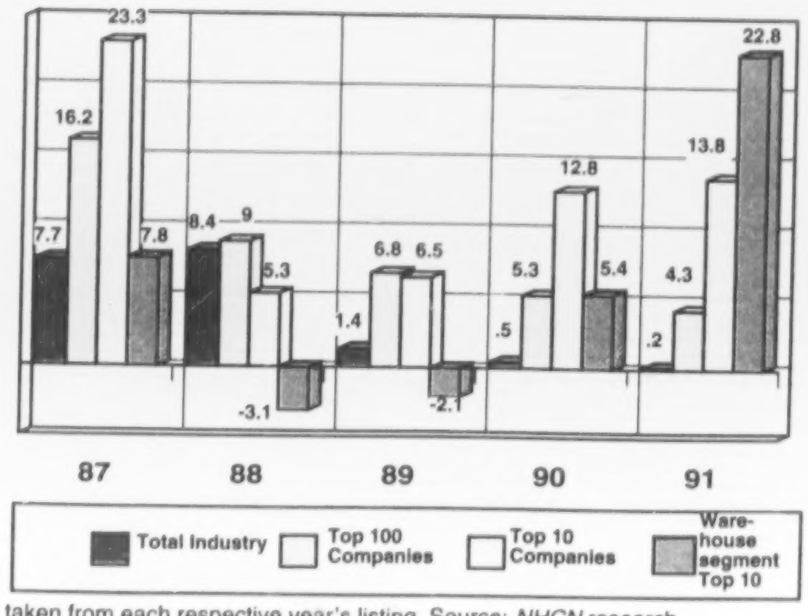
5-Year Growth 1987/1991

Sales Growth in $ Billions



NHCN charts

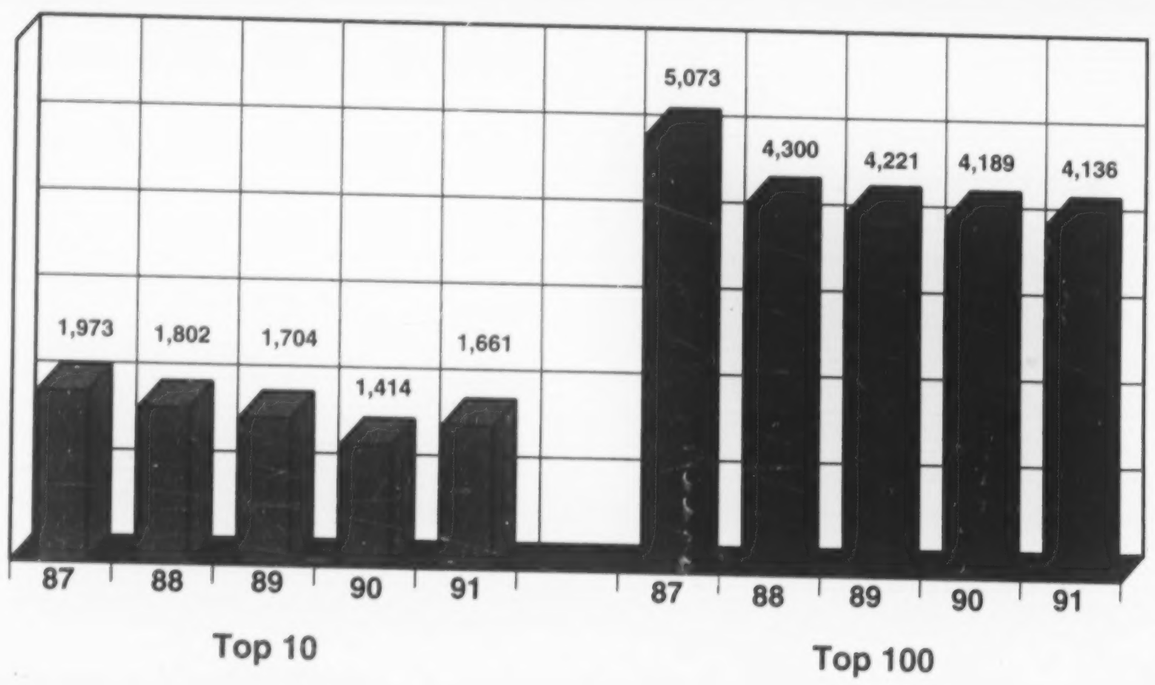
Sales Percent Growth



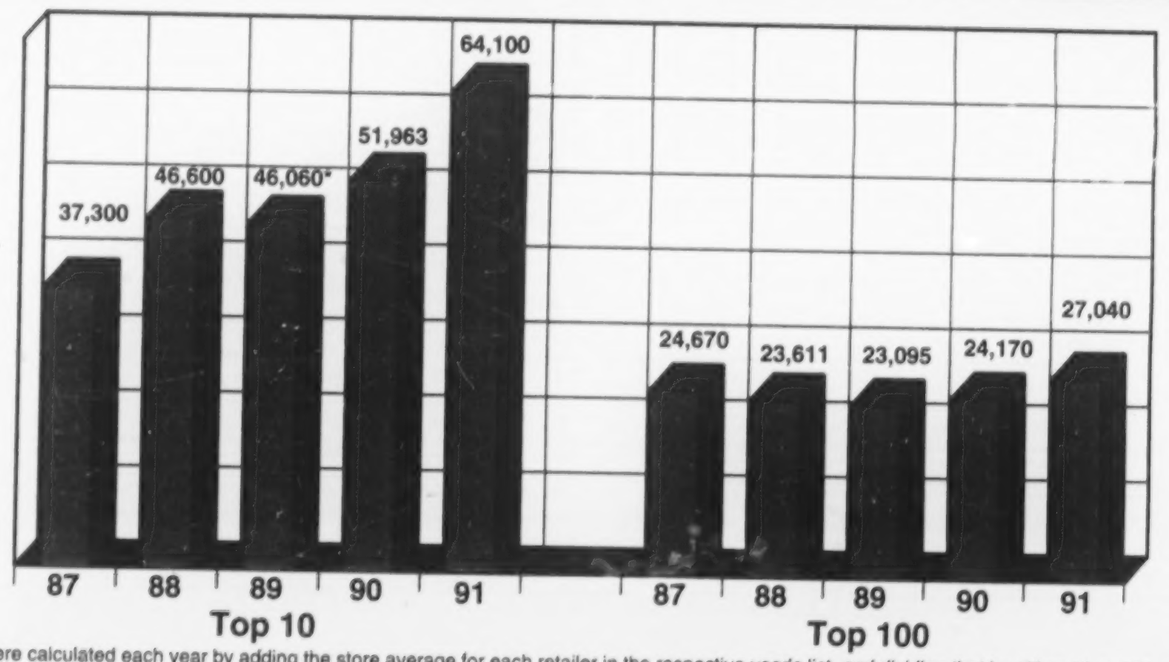
Sales taken from each respective year's listing. Source: *NHCN* research, U.S. Department of Commerce

5-Year Industry Productivity 1987/1991

Store Unit Growth

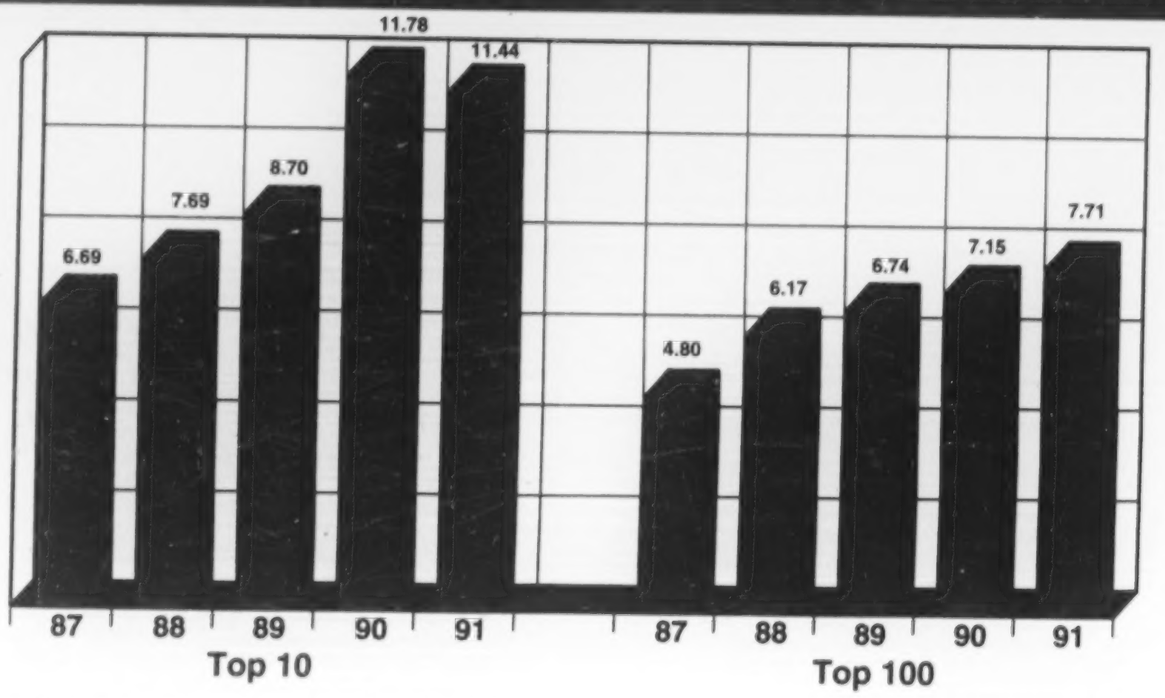


Square Footage Growth



Averages were calculated each year by adding the store average for each retailer in the respective year's list, and dividing that by either 10 or 100. In previous years, *NHCN* has taken a chain's total square footage figure (which can include warehouse and office space), divided that by the store totals, added up those figures and divided by 10 or 100 to get each segment's averages.
*In 1989 Sutherland Lumber replaced Builders Emporium in the Top 10 listing, which accounts for the drop in overall square footage per store.

Sales per Store Growth ($Millions)



Sales and ranking are taken from each respective year's listing

Source: *NHCN* research *NHCN* charts

The Leading Independents Among the Top 500

Top Independents by Dollar Sales Increase

Rank 1991 In Top 500	Rank 1991 Among Indys	Company	Sales ($ mil.) 1991	Sales ($ mil.) 1990	Sales % Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Square Footage Store Avg. 1991	Square Footage Chain total (thous.) 1991	Skus Store Avg. 1991	Employees 1991	Employees 1990	% of Employees Part-time 1991	Buying/ Mktg Group 1991
110	1	**West End Lumber Co.,** Houston	40	26	53.8	10	10	3	3	15,000	5,000	15,000	85	50	5	
123	2	**Central Valley Builders Supply,** St. Helena, Calif.	35	23	52.2	35	30	3	2	18,000	6,000	3,000	180	175	2	
382	3	**Hundman Lumber Do-It Center,** Bloomington, Ill.	15	11	36.4	20	15	1	1	20,000	20,000	20,000	75	50	1	HWI
203	4	**Keim Lumber Co.,** Charm, Ohio	24	19	26.3	30	50	1	1	32,000	32,000	15,000	100	90	0	HWI
175	5	**Matt's Cash & Carry Building Mat'ls,** Pharr, Texas	26	21	23.8	70	55	2	2	100,000	50,000	30,000	168	165	30	BMA, HH
339	6	**Norris Rader Inc.,** New Iberia, La.	16	13	23.1	50	40	3	3	30,000	10,000	7,500	100	100	0	HWI
349	7	**Orgain Building Supply,** Clarksville, Tenn.	16	13	23.1	20	30	1	1	8,500	8,500	11,000	100	70	3	BMA, HWI
309	8	**Poulsen's Inc.,** Great Falls, Mont.	17	14	21.4	70	70	1	1	36,000	36,000	6,000	80	70	20	Ace, BMA, OO
211	9	**Kight Home Center,** Evansville, Ind.	23	19	21.1	30	30	3	3			6,500	115	95	20	BMA, HWI
294	10	**Standale Lumber & Home Center,** Grand Rapids, Mich.	18	15	20.0	55	20	3	2	25,000	8,300		80	70	5	S, BMA, PAL
302	11	**Cape Fear Supply,** Fayetteville, N.C.	18	15	20.0	10	10	1	1	2,000	2,000	5,500	75	75	0	BMA
116	12	**Stripling Blake Lumber,** Austin, Texas	38	32	18.8	25	30	3	3	79,000	26,300	18,000	200	200	5	BMA, HHW
438	13	**Marriner Lumber Home Center,** Brunswick, Maine	13	11	18.2	50	50	3	3	20,000	6,700	15,000	50	50	4	
433	14	**Kabelin Hardware Co.,** La Porte, Ind.	13	11	18.2	80	90	3	3	120,000	40,000	6,000	180	180	0	Cotter
135	15	**Mill Creek Lumber & Supply,** Tulsa, Okla.	33	28	17.9	35	40	3	3	45,000	15,000	16,000	95	95		HWI, BMA

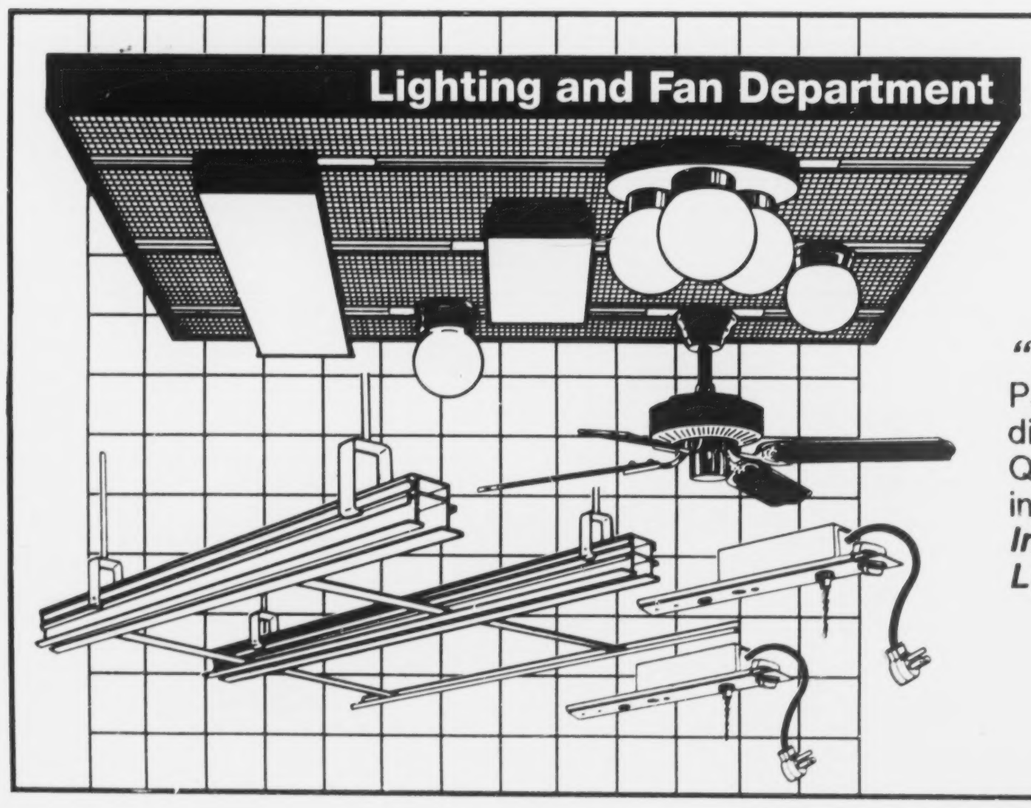
Top Independents With Three Stores or Less

Rank 1991 In Top 500	Rank 1991 Among Indys	Company	Sales ($ Mil.) 1991	Sales ($ Mil.) 1990	Sales % Change 1990-1991	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Square Footage Store Avg. 1991	Square Footage Chain Total (thous.) 1991	Skus Store Avg. 1991	Employees 1991	Employees 1990	% of Employees Part-time 1991	Buying/ Mktg Group 1991
63	1	**Scherer Brothers Lumber,** Brooklyn Park, Minn.	70	75	– 6.7	10	10	2	2	10,000	5,000	9,000	275	250	5	HWI
64	2	**Lyman Lumber,** Excelsior, Minn.	70	73	– 4.1	5	5	3	3	75,000	25,000		150	150	2	LMC
79	3	**Ganahl Lumber,** Anaheim, Calif.	52	61	–14.8	8	8	3	3	50,000	25,000	20,000	250	280	15	BMA, HWI
85	4	**Hamilton Lumber & Home Center,** Hamilton, Mich.	50	50	0.0	50	50	3	3	75,000	25,000	13,000	60	60	2	PAL
90	5	**Bellevue Builders Supply,** Schenectady, N.Y.	48	50	– 4.0	40	40	1	1	42,000	42,000	19,500	195	188	20	Ace
105	6	**Causeway Lumber,** Ft. Lauderdale, Fla.	42	46	– 8.7	10	15	2	3	16,700	8,350	9,500	215	280	0	
104	7	**Builders Supply,** Omaha, Neb.	42	42	0.0	15	11	1	1	20,000	20,000	30,000	200	200	10	HWI
113	8	**Holmes Lumber Co.,** Jacksonville, Fla.	40	49	–18.4	5	5	2	2	28,000	14,000	12,500	200	190	2	BMA
111	9	**Fairfield Lumber & Supply,** Fairfield, Conn.	40	42	– 4.8	10	10	2	3	12,000	6,000	7,000	120	100	5	BMA, SS
112	10	**Feldman Lumber Co.,** Brooklyn, N.Y.	40	40	0.0	10	15	3	3	8,000	2,600	3,000	120	125	1	SS
110	11	**West End Lumber Co.,** Houston, Texas	40	26	53.8	10	10	3	3	15,000	5,000	15,000	85	50	5	
118	12	**Mayfield Building Supply,** Arlington, Texas	38	37	2.7	5	5	2	2	13,000	6,500	10,000	125	100	0	BMA
117	13	**Western Home Center,** Cincinnati	38	36	5.6	20	50	2	2	26,000	13,000	12,000	300	250	0	BMA, LMC
116	14	**Stripling Blake Lumber,** Austin, Texas	38	32	18.8	25	30	3	3	79,000	26,300	18,000	200	200	5	BMA, HHW
130	15*	**Chandler Lumber Co.,** Van Nuys, Calif.	35	64		5	5	3	3	60,000	20,000	20,000	120	120	5	Ace

*Also tied for 15th place were Midpac Lumber Co., Honolulu; Moser Lumber Inc., Naperville, Ill.; Woodhaven Lumber & Millwork, Point Pleasant Beach, N.J.; and Central Valley Builders Supply, St. Helena, Calif.

Buying group designations: BMA = Builder Marts of America; C = Cotter; HHW = Handy Hardware Wholesalers; HWI = Hardware Wholesale Inc.; LMC = Lumbermen's Merchandising Corp.; PAL = Progressive Affiliated Lumbermen; SS = ServiStar.

NHCN charts



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Circle (034) on Reader Service Card

Hardware stores hammer away at the competition

NATIONAL REPORT — In a world of warehouse chains, Morris Black & Sons does quite well, thank you, specializing in builders hardware.

The Allentown, Pa.-based independent hardware store stocks only 2,000 items, but its range of architectural and contractor-grade hardware, sold by experienced salespeople and designers, generated $12 million in revenues last year, and kept the company apart from the competitive fray.

"This is a real comfortable niche," said Bob Black, vp and sales manager, whose company has been able to maintain strong margins. Only 10 percent of what Morris Black sells is bought by DIYers.

Morris Black & Sons is like a lot of the industry's leading hardware store operators, who must find the right combination of product and service to compete effectively against larger chains and warehouse stores.

Some, like Orchard Supply Hardware and Aco Hardware, are large operations in their own right, and can tout the shopping convenience and assortments their stores offer.

"We are fix-it [oriented] versus build-it [oriented]," said Maynard Jenkins, the president of the 37-unit Orchard, based in San José, Calif., who is a firm believer in "competitive coexistence."

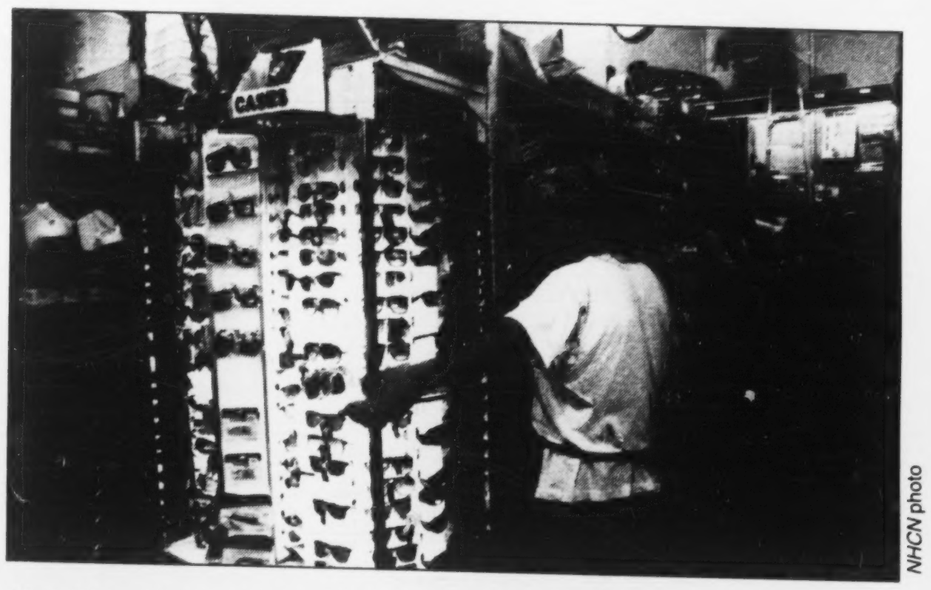
Orchard expects to grow to 75 stores, at a rate of three to four stores per year, within its 300-mile radius service area before it contemplates growth outside of northern California.

(For purposes of continuity with previous years' census charts, Orchard and Aco are included on the Top 500 retail listing.)

Other, smaller hardware store operators, like McGuckin Hardware in Boulder, Colo., which stocks 300,000 items, and McLendon Hardware in Renton, Wash., which has 75,000, use their depth and breadth of assortment to go up against big-chain competitors.

McLendon, with four stores and $33 million in sales last year, also uses customer service as a competitive calling card. Its 55,000-square-foot store in Renton, for example, is manned by 30 people, many of whom have 25 years' experience.

"We stock the store with people," said Mike McLendon, a vice president for the family-owned business.



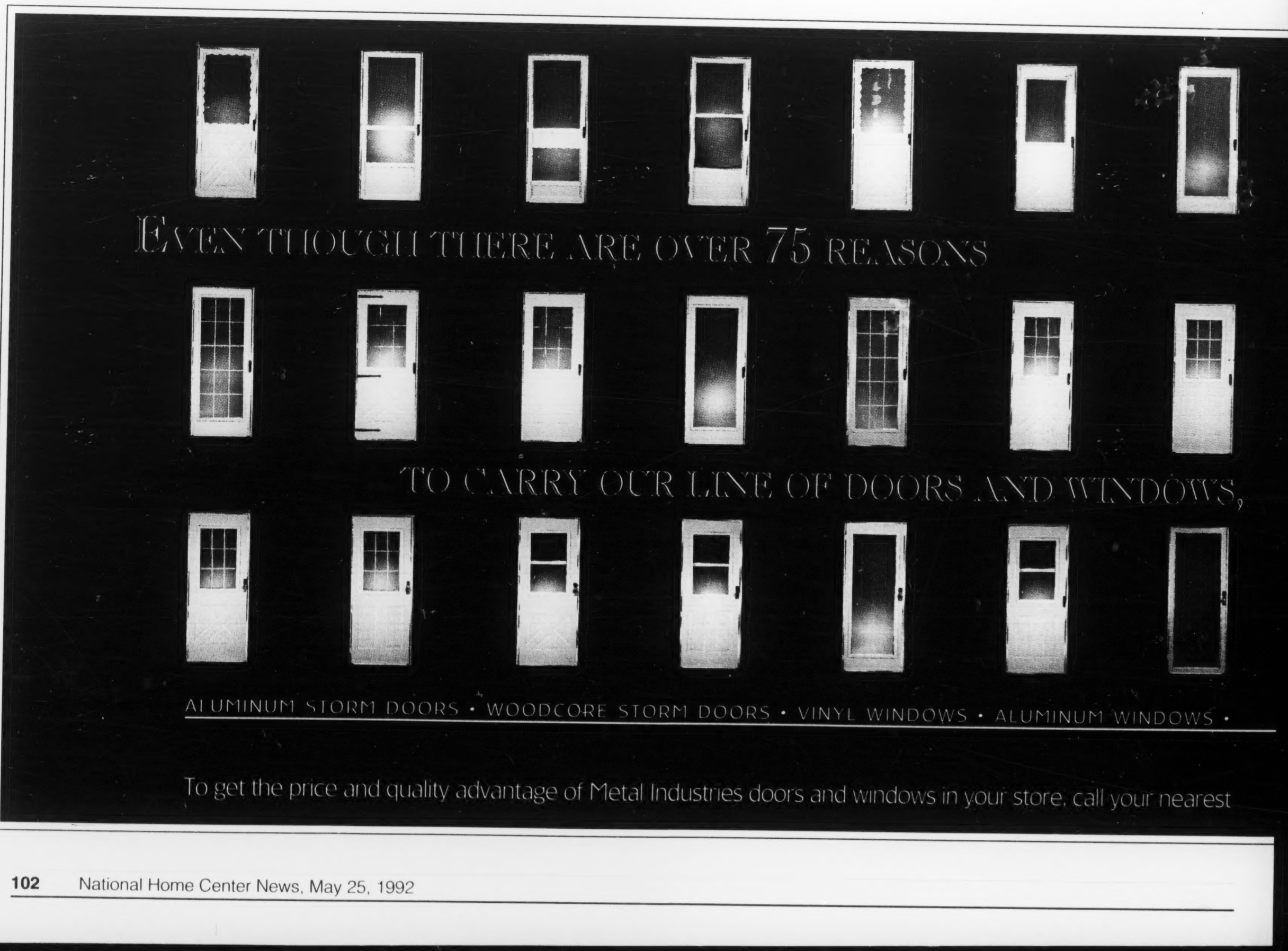
NHCN photo

***Boulder, Colo.-based McGuckin Hardware**, with 300,000 skus in 1991, uses its broad mix to compete against the big chains.*

This year, *NHCN* has broken out a separate chart of the industry's leading hardware store operators *(see next page)*, which range in size from the W.E. Aubuchon chain in Massachusetts, which did $78 million, to Carter Hardware, an affiliate of the Hardware Wholesalers, Inc. co-op, which generated $10 million in 1991 out of a 105,000-square-foot unit that caters mostly to contractors.

These companies mostly buck the stereotype of the hardware store as stuck in the past, unwilling to make competitive changes. Aubuchon, for example, remodeled five of its stores last year, and is in the process of remodeling five more this year, according to senior vp-advertising Bernard Aubuchon.

Most of these companies, of course, are competitive because of their affiliations with



RETAIL SCOREBOARD

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chg. 1991-1990	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Square Footage Chain Total 1991	Square Footage Store Average 1991	SKUs 1991	No. Employees 1991	% of Employees Part-time 1991	Buying/ Marketing Group 1991
1	1	**W.E. Aubuchon Co.,** Westminster, Mass.	78	77	1.3	90	95	134	135	400,000	3,000	9,500	450	20	
2	2	**Shopsmith Inc.,** Dayton, Ohio	49	51	– 3.9	95	95	45	45	150,000	3,300	2,500	450	13	
3	3	**A.L. Damman Co.,** Madison Heights, Mich.	35	35	0.0	90	90	15	15	218,000	14,500	20,000	360	5	C
4	4	**McLendon Hardware Inc.,** Renton, Wash.	33	30	10.0	85	85	4	3	100,000	25,000	75,000	165	6	Ace
5	5	**Imperial Hardware Stores,** El Centro, Calif.	25	23	8.7	30	30	11	11	250,000	22,700	NA	250	0	HWI
6	6	**Ace Hardware Home Center,** Round Lake, Ill.	23	20	15.0	60	60	6	7	170,000	28,000	25,000	270	60	Ace
7	7	**Pleasants Hardware,** Richmond, Va.	21	20	5.0	20	20	2	2	35,000	17,500	26,000	210	10	HWI
8	10	**McGuckin Hardware,** Boulder, Colo.*	19	16	NA	70	70	1	1	40,000	40,000	300,000	200	17	C, DA
9	11	**Hader Hardware Inc.,** Cincinnati	15	15	0.0	90	85	14	14	150,000	10,700	9,000	250	0	HWI
10	8	**Smith Hardware Co.,** Marietta, Ga.	15	18	–16.7	90	90	4	6	73,000	18,250	12,500	120	0	Ace
11	14	**Ace Hardware Inc.,** Springfield, Ill.	13	11	18.2	95	95	6	6	180,000	30,000	30,000	65	3	Ace
12	16	**Crown Hardware Inc.,** Costa Mesa, Calif.	12	10	20.0	80	85	8	8	60,000	7,500	NA	100	50	Ace
13	15	**Miller Hardware Co.,** Harrison, Ark.	12	11	9.1	60	60	2	2	20,000	20,000	12,000	70	5	C, SS
14	13	**Morris Black & Sons Inc.,** Allentown, Pa.	12	12	0.0	10	10	1	1	50,000	50,000	2,000	80	0	
15	12	**White Jones Hardware Co.,** Anderson, S.C.	12	13	– 7.7	90	90	3	3	65,000	22,000	15,000	75	0	Ace
16	9	**Sunshine Ace Hardware Inc.,** Naples, Fla.	12	16	–25.0	75	75	4	4	90,000	22,500	15,000	140	10	Ace
17	17	**Carter Hardware Co.,** Nashville, Tenn.	10	10	0.0	10	25	1	1	105,000	105,000	16,000	43	0	HWI
		Totals	396	388				261	264				3,298		
		Averages	***23***	*23*	***2.1***	***22.8***	*2.1*	***15***	*16*	***126,824***	***25,879***	***37,967***	***194***	***12***	

* *NHCN* estimate.
C = Cotter; DA = Distribution America; HWI = Hardware Wholesalers Inc.; SS = ServiStar.

NHCN chart

the various hardlines buying groups. But that doesn't automatically make these hardware store operators immune from market pressures.

Take Sunshine Ace Hardware, the Naple, Fla.-based retailer with four stores, whose sales declined the most among the retailers on this chart.

While Sunshine had stellar sales in 1990, it couldn't recover from the adverse effect on business caused by the Persian Gulf War in the first quarter of 1991.

Yet, what keeps Sunshine apart from the chains with which it competes is its housewares, sporting goods and lawn and garden products.

While most of the retailers contacted for this article expect their businesses to do well in the future, they are also realistic about how the market is changing.

The future means "decreasing volume and operating with lower margins," because of competition, explained James Haire, general manager of the four-store Sunshine Ace Hardware.

Circle (035) on Reader Service Card

Contractors pledge their loyalty to paint chains

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chg. 1991-1990	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Square Footage Chain Total 1991	Square Footage Store Average 1991	skus 1991	No. Employees 1991	% of Employees Part-time 1991	Buying/ Marketing Group 1991
1	1	**The Sherwin-Williams Co.,** Cleveland	1,495	1,434	4.3	28	27	1,981	1,989	7,920,000	4,000	1,000	9,500	5	
2	2	**The Glidden Co.,** Cleveland	950	900	5.6	0	0	358	358	2,164,600	6,000	NA	4,700	0	
3	3	**Color Tile Inc.,** Fort Worth, Texas	544	523	4.0	80	80	772	772	3,705,600	4,800	1,650	4,500	NA	
4	4	**M.A. Bruder & Sons Inc.,** Broomall, Pa.	345	300	15.0	40	40	169	170	600,000	3,600	4,500	1,600	10	
5	5	**Standard Brands Paint Co.,** Torrance, Calif.	253	294	−13.9	95	95	146	147	2,000,000	13,700	7,000	2,100	15	
6	6	**Kelly-Moore Paint Co.,** San Carlos, Calif.	192	192	0.0	30	20	106	106	735,000	6,900	400	1,700	30	
7	7	**Porter Paints,** Louisville, Ky.	189	178	6.2	10	10	137	137	342,500	2,500	700	1,500	10	
8	8	**Duron Paints & Wallcoverings,** Beltsville, Md.	152	162	− 6.2	8	8	160	160	765,000	4,800	2,700	1,200	3	CG
9	9	**Dunn Edwards Corp.,** Los Angeles	150	161	− 6.8	20	15	55	55	360,000	6,500	20,000	1,200	3	
10	10	**Devoe & Raynolds Co.,** Louisville, Ky.	142	138	2.9	30	30	78	79	210,000	2,700	600	1,500	NA	GG
11	11	**Sinclair Paint Co.,** Los Angeles	110	108	1.9	15	15	52	52	NA	NA	1,000	725	0	
12	12	**Diamond Vogel Paint Inc.,** Orange City, Iowa	85	84	1.2	33	50	75	77	2,800,000	37,300	2,500	750	15	
13	13	**The O'Brien Corp.,** South San Francisco	70	75	− 6.7	25	25	48	55	175,000	3,600	1,000	800	2	
14	14	**Martin Paint Stores,** Jamaica, N.Y.	52	50	4.0	100	95	51	53	250,000	4,900	5,000	500	1	
15	15	**Ameritone Paint,** Rancho Dominguez, Calif.	50	50	0.0	40	40	20	21	156,000	7,000	4,500	260	0	GG
16	16	**Wallpapers To Go,** Houston	46	49	− 6.1	75	75	101	107	328,250	3,250	2,500	300	30	
17	20	**Vista Paint Corp.,** Fullerton, Calif.	45	33	36.4	25	40	26	26	225,000	8,700	10,000	460	0	AGS, V-T
18	19	**Rodda Paint & Wallpaper Express,** Portland, Ore.	41	35	17.1	60	65	30	30	250,000	8,300	35,000	400	3	V-T
19	29	**The Paint Products Co.,** Bridgeport, Conn.	40	22	81.8	60	40	14	14	250,000	17,900	6,000	150	10	Pro
20	17	**Kay & Kay Tile Depot Inc.,** Farmington Hills, Mich.	40	40	0.0	99	99	31	31	124,000	4,000	NA	300	0	
21	18	**Finnaren & Haley Inc.,** Conshohocken, Pa.	37	37	0.0	30	30	20	21	45,000	2,250	NA	200	20	CG
22	25	**Mautz Paint Co.,** Madison, Wis.	30	30	0.0	30	30	36	36	150,000	4,200	700	250	0	CG
23	23	**N. Siperstein Inc.,** Jersey City, N.J.	30	30	0.0	60	70	15	15	150,000	10,000	10,000	300	10	
24	24	**Old Quaker Paint Co.,** Santa Ana, Calif.	30	30	0.0	20	20	11	11	44,000	4,000	1,000	200	0	
25	21	**Pritchard Paint & Glass Co.,** Charlotte, N.C.	30	33	− 9.1	30	30	8	8	122,000	15,250	5,000	260	0	A-P
26	26	**Majestic Paint Centers Inc.,** Columbus, Ohio	29	25	16.0	65	65	66	68	264,000	4,000	4,000	250	2	
27	30	**Iowa Paint Manufacturing Co.,** Des Moines, Iowa	24	22	9.1	10	10	21	21	100,000	4,800	3,000	200	20	CG
28	27	**Janovic/Plaza Inc.,** Long Island City, N.Y.	24	23	4.3	65	65	7	7	36,000	5,100	11,000	200	10	A-P
29	31	**Harrison Paint Corp.,** Canton, Ohio	23	22	4.5	60	55	9	9	125,000	13,900	2,500	118	0	
30	32	**Mercury Paint Co.,** Detroit	22	22	0.0	20	20	14	14	70,000	5,000	1,000	130	0	A-P, CG
31	35	**Cassity Jones Lumber & Hardware,** Longview, Texas	20	19	5.3	50	60	6	6	120,000	20,000	10,000	135	5	HHW
32	33	**J.C. Licht Co.,** Glendale Heights, Ill.	20	20	0.0	60	40	14	14	NA	NA	7,000	200	33	A-P
33	28	**Town Paint & Supply Co.,** Northboro, Mass.	20	23	−13.0	75	70	9	10	73,000	8,100	18,000	80	30	A-P
34	22	**Kwal-Howells Inc.,** Denver	20	32	−37.5	20	20	21	22	126,000	6,000	1,100	204	1	CG
35	41	**Preservative Paint Co.,** Seattle	19	16	18.8	20	20	15	15	110,000	7,300	NA	115	0	MS
36	36	**Jones Blair Co.,** Dallas	19	19	0.0	30	30	34	34	153,000	4,500	NA	600	2	MS
37	49	**Lincoln Park Painters Supply,** Lincoln Park, Mich.	18	13	38.5	25	25	16	16	NA	NA	15,000	140	5	
38	47	**Discount Wallcovering Inc.,** Norcross, Ga.	18	14	28.6	70	70	16	16	50,000	3,100	2,000	70	10	
39	42	**Mobile Paint Manufacturing Co.,** Theodore, Ala.	18	16	12.5	50	50	24	24	170,000	7,100	3,500	150	0	NPD
40	37	**United Paint Co.,** Memphis, Tenn.	18	18	0.0	20	25	19	19	80,000	3,500	1,000	165	0	V-T
41	39	**Buten Paint & Wallpaper,** Philadelphia	17	17	0.0	85	85	27	30	120,000	4,400	2,100	200	38	A-P
42	34	**The Perry & Derrick Co.,** Cincinnati	17	20	−15.0	75	60	8	11	32,000	4,000	2,500	130	0	CG
43	40	**The Gillman Co.,** Chattanooga, Tenn.	16	17	− 5.9	40	40	11	11	40,000	3,600	150	200	2	
44	38	**Hirshfield's Inc.,** Minneapolis	16	18	−11.1	50	50	14	14	93,000	6,600	7,000	250	50	A-P, CG
45	50	**Pervo Paint Co.,** Los Angeles	15	13	15.4	40	40	5	5	24,500	4,900	1,300	50	2	
46	45	**Norfolk Paint Co.,** Norfolk, Va.	15	15	0.0	35	35	7	7	16,000	2,300	1,000	130	0	A-P
47	44	**Brod-Dugan Paint & Wallcovering,** St. Louis	15	15	0.0	50	50	11	11	110,000	10,000	8,000	200	5	CG, A-P
48	52	**United Paint & Chemical Corp.,** Southfield, Mich.	13	11	18.2	40	40	6	7	NA	NA	14,500	100	4	SS
49	51	**Wellborn-DE Corp.,** Albuquerque, N.M.	13	13	0.0	20	25	13	13	65,000	5,000	NA	130	0	A-P
50	48	**Tower Paint Investments Inc.,** Hialeah, Fla.	12	14	−14.3	20	10	11	12	25,000	2,300	NA	100	0	
51	53	**John Seven Paint & Wallpaper,** Grand Rapids, Mich.	11	11	0.0	50	50	6	6	65,000	10,800	NA	70	15	A-P
52	54	**Scott Paint Super Mart,** Sarasota, Fla.	11	11	0.0	30	30	14	14	84,000	6,000	4,500	100	1	A-P
53	46	**Hallman Paints Inc.,** Sun Prairie, Wis.	11	15	−26.7	10	10	10	10	NA	NA	NA	80	0	V-T
54	55	**Acme Paint & Glass Co.,** Burlington, Vt.	10	11	− 9.1	60	60	2	2	20,000	10,000	5,000	60	0	SS
55	43	**Sophir-Morris Paint Co.,** Omaha, Neb.	10	16	−37.5	40	40	20	20	50,000	2,500	500	125	5	
		Totals	5,662	5,509				4,950	4,992				40,037		
		Averages	***103***	*100*	***2.4***	***42.3***	*41.8*	***90***	*91*	***521,869***	***7,019***	***5,400***	***728***	***8***	

AGS = Associated Group Services; A-P = All-Pro; CG = Color Guild; GG = Gro Group; HHW = Handy Hardware Wholesales; MS = MidSouth; NPD = National Paint Distributors; SS = ServiStar; V-T = Val-Test.

NHCN chart

DIYers go where the sales are

NATIONAL REPORT — A typical home center will carry anywhere from 3,000 to 10,000 gallons of paint in its stores. But the presence of those stores in a market doesn't appear to faze paint specialty retailers, most of which cater primarily to contractors and remodelers.

The nation's two largest paint chains, The Sherwin-Williams Co. and The Glidden Co., say loyal contractors will continue to shop at their stores even when home centers offer lower prices.

In fact, a spokesman for Louisville, Ky.-based Porter Paints, with 130 stores in the South and Midwest, said other paint and decorating stores, not home centers, are its toughest competition.

Officials from Sherwin-Williams Co., which operates nearly 2,000 stores across the nation (with 40 more due to open this year) and gets 28 percent of its volume from consumers, said service is the number one reason contractors shop its stores rather than a home center or lumberyard.

"Ultimately, everyone is a competitor," said Lydia Bazarko, director of corporate planning for Sherwin-Williams, based in Cleveland.

The stores, though, which average only 9,500 square feet and offer 1,000 skus, aren't attracting many consumers who just want to refurbish or freshen up a room or two, she said.

Sherwin-Williams, which opened 12 new stores in the first quarter of this year, will soon launch a new advertising campaign targeting the DIY shopper. The heavy television and radio campaign will tout the strong acceptance that the stores have with professionals, Bazarko said.

DIYer loyalty iffy

The large companies are not the only ones who say DIY customers no longer shop their stores first. One Southern California-based paint chain, for example, saw its percentage of DIY customers drop substantially last year.

Vista Paint Corp., a growing chain with 27 stores, said its DIY customer base shrunk as consumers started spending more money at a home center or consumer-oriented paint store like Standard Brands, said Nancy Sheffy, marketing assistant.

Sheffy said Vista's DIY customers, which accounted for 25 percent of its sales last year, often shop around to get the best product for the least amount of money, where Vista's contractors readily spend an extra buck or two for top-notch products and personalized service.

Regardless of a paint store's customer base, business was tough last year, company officials say.

Nonetheless, things are bound to get better. Take The Glidden Co., for example. The Cleveland-based manufacturer, whose paint stores cater almost exclusively to professionals, experienced flat sales last year. During the first quarter of 1992, however, sales were higher than projected, said Bernice Bolek, a Glidden spokesman.

Glidden stores open at 7:30 a.m. to get contractors in early. And a store employee will deliver as little as two gallons of paint to the job site if a contractor runs out, Bolek said.

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Circle (037) on Reader Service Card

Farm & fleet dealers maintain firm foothold

Succeed by offering different product twist

NATIONAL REPORT — Farm and Fleet stores—mostly large units that carry everything for the local farmer from tools to grain—continue to hold their own servicing small towns and agricultural areas. For many, growth is dependent on finding and filling product voids.

While these stores compete against home centers only marginally, many have full-blown home improvement departments that, in some cases, are equal to what one would find in, say, a medium-size hardware store, a hypermarket like Fred Meyer or a small lumberyard. On the other hand, a quarter of the industry's 500 largest home centers say they carry farm supplies.

The success of farm and fleet dealers, like that of the farmers they serve, is closely tied to the vagaries of the weather. Last summer's very dry spell put a dent in sales, but strong spring and fall sales compensated for this.

The market continues to be very competitive and, for some, the major competitor is the mass merchant, like Wal-Mart, which can offer a broader product mix and lower prices.

NHCN photo

Home centers that sell farm supplies *have a tough row to hoe competing with specialty dealers*

But market conditions haven't stymied expansion. Last year the 150-unit leader, TSC Industries (the initials stand for Tractor Supply Co.) added three units, two in Texas and one in Ohio. Some smaller companies expanded, too, such as Pendleton Grain Growers, which opened a fifth unit, a 30,000-square-foot store, in Hermiston, Ore.

Some dealers, like Pendleton, have found different product areas where they can excel. Pendleton's Western clothing area, for example, now occupies 25 percent of its stores. Last year, it extended its line of boots, jeans and blouses into jewelry and rodeo equipment.

Even when they go up against home improvement stores' merchandise mix, the farm and fleet units offer a different product twist. For example, TSC carries 2- and 5-gallon containers of motor oil, compared with the typical 1-gallon receptacles found in the automotives department of a hardware store or home center.

What's a bit disorienting is to find these products merchandised in the same stores that carry animal medicines, nutritional block, agricultural sprayers and repair parts.

The farm stores can be more flexible than the mass merchants and able to tailor their product mix to the needs of their particular communities. The Shawano, Wis.-based Farm and Home Supply, for example, added a pharmacy in its Chilton, Wis., location recently. It also added custom framing last year based on the success of its "Ben Franklin Craft Stores," which attract female shoppers.

Many dealers now belong to buying or marketing groups to make them more competitive. Some have allied with traditional groups like Mid-States Distributing Co., while others have joined national hardware co-ops such as Cotter or ServiStar, or building material brokers such as the Lumbermen's Merchandising Corp.

But as the number of traditional farmers declines, farm and fleet stores' customer base is evolving. The stores now service many more hobby farmers, and their lawn and garden departments have grown as a result.

Rank 1991	Rank 1990	Company	Sales ($ Millions) 1991	Sales ($ Millions) 1990	Sales % Chg. 1991-1990	% DIY 1991	% DIY 1990	Stores 1991	Stores 1990	Square Footage Chain Total 1991	Square Footage Store Average 1991	skus 1991	No. Employees 1991	% of Part-time Employees 1991	Buying/ Marketing Group 1991
1	1	**TSC Industries Inc.,** Nashville, Tenn.	215	200	7.5	100	100	150	150	3,205,000	21,400	10,000	1,000	15	
2	2	**Country General Stores,** Grand Island, Neb.	175	165	6.1	100	100	93	95	2,232,000	24,000	30,000	2,000	10	
3	3	**Orscheln Farm & Home Supply,** Moberly, Mo.	85	80	6.3	90	90	74	74	1,300,000	17,600	14,000	645	27	M-S, Ace
4	4	**Big R Stores,** Kokomo, Ind.	48	48	0.0	92	92	9	9	375,000	75,000	48,000	550	40	M-S
5	5	**Big Bear,** Saint Cloud, Minn.	40	40	0.0	95	95	46	50	450,000	9,700	NA	350	0	
6	6	**Blain Supply Co.,** Janesville, Wis.	30	30	0.0	95	100	28	28	2,240,000	80,000	3,200	2,500	0	M-S
7	7	**Big Blue Stores Inc.,** Seymour, Ind.	29	29	0.0	90	90	16	16	240,000	15,000	NA	200	35	M-S
8	8	**Pendleton Grain Growers,** Pendleton, Ore.	27	25	8.0	90	90	5	5	40,000	8,000	25,000	250	10	C
9	11	**Farmers Cooperatives Elevator,** Arcadia, Iowa	24	24	0.0	60	60	1	1	1,200	1,200	1,500	22	0	
10	10	**Truman Farmers Elevator Co.,** Truman, Minn.	24	24	0.0	50	50	2	2	2,000	1,000	5,000	55	27	HWI
11	20	**Fisco Farm & Home Stores Inc.,** Stockton, Calif.	22	15	46.7	80	80	7	7	98,000	14,000	30,000	150	10	M-S
12	13	**Farm King Supply Inc.,** Macomb, Ill.	22	21	4.8	20	20	6	6	275,000	46,000	10,000	345	60	M-S
13	9	**Rockingham Cooperative Farm Bureau,** Harrisonburg, Va.	22	25	−12.0	90	90	6	7	90,000	15,000	7,500	150	5	SS
14	17	**Gebo Distributing Co.,** Plainview, Texas	21	19	10.5	75	90	14	14	245,000	17,500	25,000	125	5	M-S
15	14	**Culpeper Farmers Co-op,** Culpeper, Va.	21	21	0.0	70	70	6	6	100,000	16,700	15,000	135	10	SS
16	15	**Augusta Cooperative Farm Bureau,** Staunton, Va.	20	20	0.0	95	95	5	5	100,000	17,500	35,000	170	18	
17	16	**Farm & Home Supply Inc.,** Shawano, Wis.	20	20	0.0	95	95	4	4	88,000	22,000	50,000	170	50	Ace
18	12	**Home of Economy Inc.,** Grand Forks, N.D.	20	22	− 9.1	90	90	5	5	250,000	50,000	15,000	230	15	M-S
19	19	**Theisen Supply,** Dubuque, Iowa	18	17	5.9	90	90	8	8	140,000	15,000	10,000	100	80	M-S
20	18	**C-A-L Stores,** Idaho Falls, Idaho	18	18	− 2.8	50	50	5	5	100,000	20,000	10,000	125	0	M-S
21	21	**Coop. Elevator Assn. & Lumber,** Ocheyedan, Iowa	17	15	13.3	25	25	2	2	5,000	2,500	5,000	15	0	
22	22	**Farmers Co-op Elevator Co.,** Waukee, Iowa	16	15	6.7	100	100	5	5	10,000	2,000	NA	40	0	
23	25	**D&B Supply Co. Inc.*,** Caldwell, Idaho	15	12	25.0	70	90	7	7	120,000	17,000	20,000	200	30	HWI, M-S
24	23	**Watseka Big R Stores,** Watseka, Ill.	14	13	7.7	90	90	4	4	102,000	25,500		90	80	HWI
25	26	**Ayers/Delta Implement Inc.,** Leland, Miss.	13	12	8.3	100	95	2	2	60,000	30,000	2,000	55	0	
26	24	**Farmer Co-op Society,** Garner, Iowa	13	13	0.0	25	25	1	1	18,000	18,000	4,500	20	0	LMC
27	28	**Rock River Lumber & Grain Co.,** Prophetstown, Ill.	10	10	0.0	40	40	6	6	25,000	4,200	NA	50	0	HWI, RS
28	27	**Jensen & Pilegard,** Fresno, Calif.	9	11	−18.2	100	100	4	4	24,000	6,000	NA	50	13	
		Totals	1,008	964				521	528				9,792		
		Averages	*36*	*34*	*4.1*	*77.4*	*78.6*	*19*	*19*	*426,257*	*24,350*	*17,077*	*350*	*19*	

* *NHCN* estimate.
C = Cotter; HWI = Hardware Wholesalers Inc.; LMC = Lumbermen's Merchandising Corp.; M-S = Mid-States; RS = Reserve Supply; SS = ServiStar.

NHCN chart

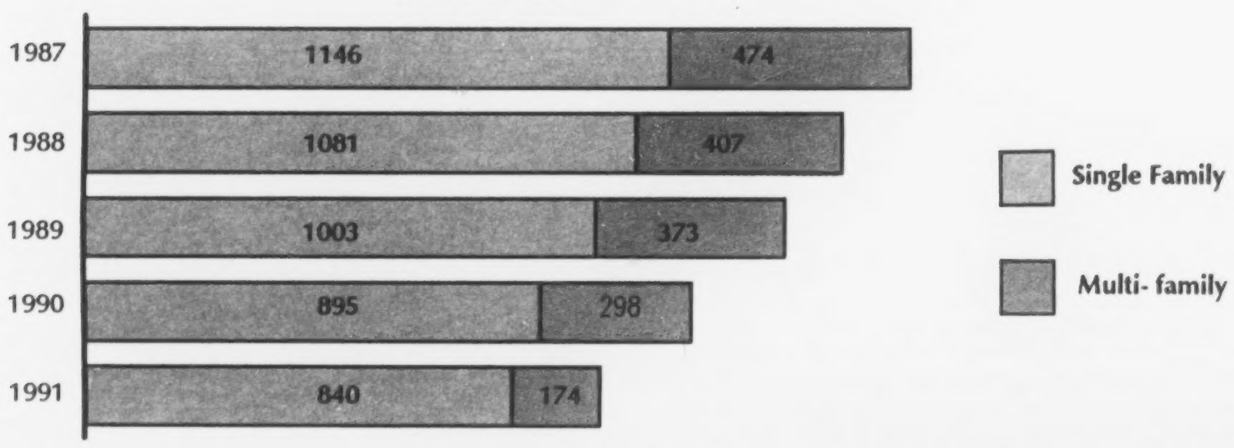
Industry growth a microcosm of recession-plagued year

NHCN photo

An uncommon site. *The kind of high-volume new construction shown here was hard to find in 1991.*

Housing Starts

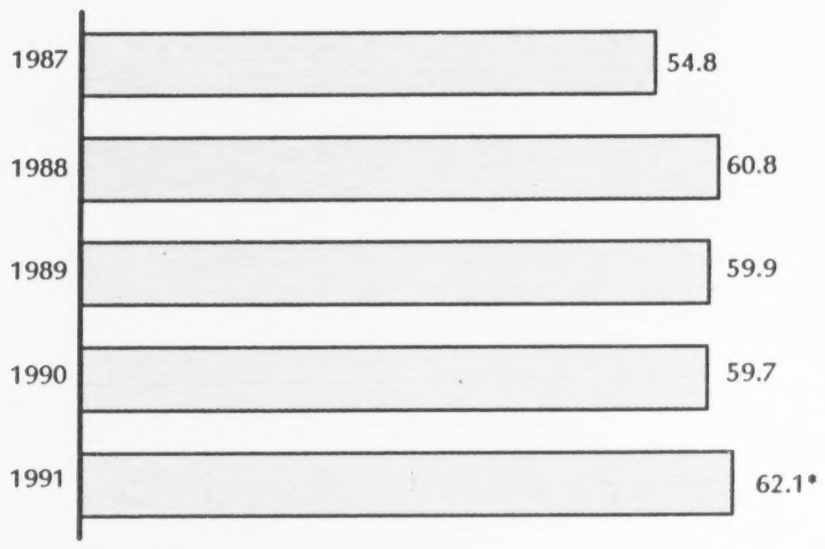
(in thousand units)



Source: National Association of Home Builders

Improvements and Repairs

($ billions)

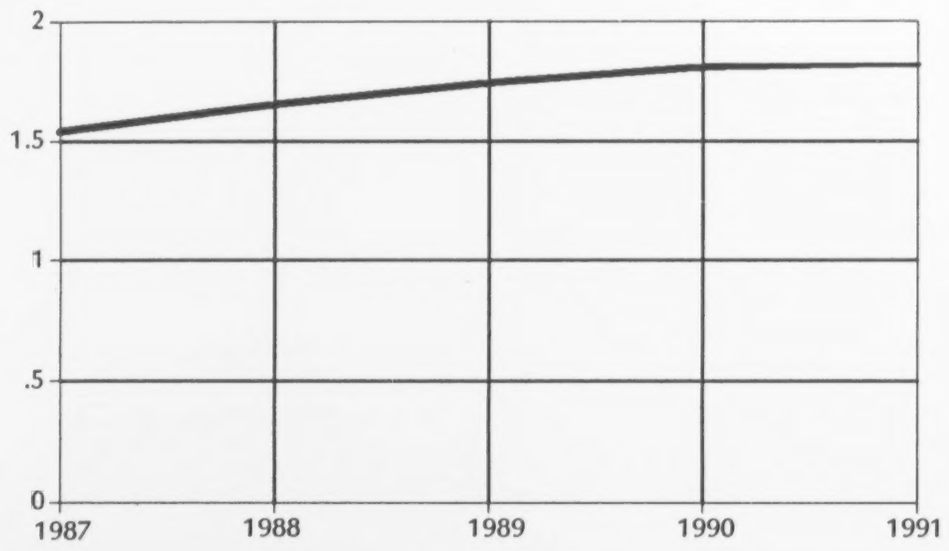


* NHCN Estimate

Source: U.S. Department of Commerce

Total U.S. Sales

(Unadjusted for Holidays, $ trillions)



Source: U.S. Department of Commerce

NHCN charts

It's small wonder *that the retail home improvement industry saw tough times in 1991. Retail sales in general grew by a mere 0.7 percent, and housing starts were at their lowest level since just after World War II. Still, growth in sales of general repairs and maintenance products provided enough of a market for hardware stores, lumberyards and home centers to squeeze out some new business. Retailers should continue to target the remodel and repair market segments, because that's where any growth will be in the next couple of years.*

NATIONAL REPORT — The lackluster performance of building material and hardware retailers last year was expected, set as it was against an equally bleak backdrop of a housing market that struggled to reach a million starts and a sluggish growth rate throughout retailing in general.

Retail sales in the U.S. last year totaled $1.82 trillion, just 0.7 percent higher than in

1990. What little increase there was came from small-ticket purchases of non-durable goods, and most of those were cash buys.

Consumer confidence in 1991 took a beating. The uncertainty of what the Gulf War would do to oil prices, the protracted unraveling of the savings and loan business, and massive middle-management layoffs contributed to a cautious approach to spending habits not seen since the late 1970s.

Yet experts espouse that the recession was relatively mild. Real gross domestic product declined by 2.5 percent in 1990 and by 2.6 percent in 1991's first quarter. It actually gained during the second and third quarters, and shrank by 0.4 percent in the fourth term.

One of the biggest casualties in 1991 came from the housing industry. At a total 1.01 million starts, construction fell to its slowest pace since 1946. Multi-family construction was relatively nonexistent, and single-family starts reflected the ability of people to buy during a period of job insecurity, particularly among many middle managers who experienced layoffs.

With those economic realities in mind, it is a testament to the tenacity of the retail home improvement industry that any growth at all was registered. A quick assessment of what profit opportunities were available in this weak environment allowed some to survive, and fewer others to actually thrive.

The common conclusion among home improvement merchants in 1991 was that people were going to stay put and spend what little money they had on maintenance and repairs.

Commerce Department numbers confirm that hunch was correct: dollars spent on improvements and repairs in 1991 rose nearly ten times faster than home improvement retail sales, and five times faster than general retail sales.

Economists agree that 1992 will see a recovery, but that it will be a productivity-driven recovery, one in which companies cut costs and consumers pay down their debts. As a result, expect smaller-scale purchases of non-durable goods to be the most likely type of consumer spending.

Dollars spent on improvements and repairs in 1991 rose nearly ten times faster than home improvement retail sales.

Regionally speaking, the Midwest will lead the recovery in housing, with new construction growth up in some states by as much as 2.4 percent, according to the National Association of Home Builders (NAHB).

A recent study prepared for NAHB's May Semi-Annual Construction Forecast concluded that the West and South, where the rate of gain in the next two years is expected to hit nearly 4 percent, will follow. In the very near term, the Northeast will continue to be weak, and the Middle Atlantic states will overcome their inertia and finally show some growth in housing by 1995.

As a result, retailers should not expect to see a return to speculative building and huge disposable incomes. And home centers should continue to watch the remodeling market and focus on mining as many dollars as possible out of that segment.

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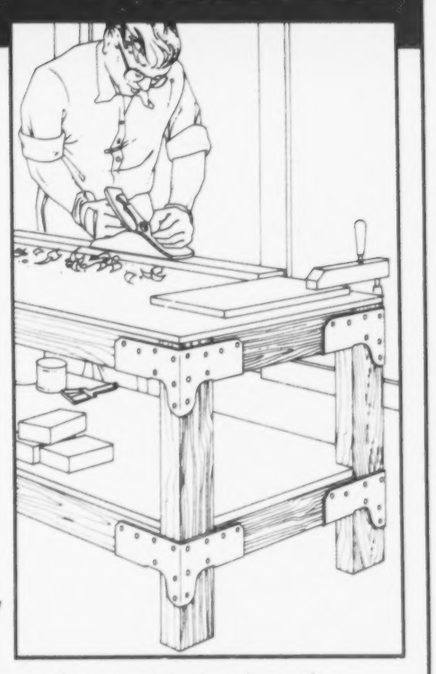

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Pacific Northwest targeted for growth

NATIONAL REPORT — Sales of hardlines and building materials are expected to rise marginally this year, and certain metropolitan areas could experience significant declines.

According to figures in the 1992 *Editor and Publisher Market Guide (E&P)*, 10 states—three of them in New England—will generate less sales in these categories this year. The other states and the District of Columbia will show at least slight home improvement sales increases, according to *E&P*, which bases its estimates on sales of all outlets that sell these products, including discounters and specialty stores.

All told, the United States is expected to produce $114 billion in hardlines and building material sales this year, a 2.5 percent increase over *E&P*'s estimates from the previous year.

California, by far the nation's largest retail home improvement market (seven of the top 50 metro areas are in the state), will continue to grow, but at a slow pace. This comes as no surprise, as several retailers throughout the state have experienced severe sales declines and contractor sales have been way down due to the virtual standstill in new home construction.

The Los Angeles and Long Beach areas, however, will continue to generate the most sales in any metro area. According to *E&P*, the metro L.A. region is projected to reach sales of about $3 billion, slightly above last year's $2.97 billion. (These data were calculated prior to the rioting in Los Angeles, whose estimated damages are approaching $1 billion, and whose rebuilding is likely to have a long-range positive impact on sales of these products).

On the other hand, the Pacific Northwest seems to be the home improvement hot spot, as sales are expected to grow in Washington and Oregon.

Although sales in Seattle are not expected to increase dramatically, they are continually inching upwards as several home improvement players are trying to grab a piece of the pie. And Portland, Ore., which did not even rank among *E&P*'s top 50 sales-generating cities last year, was ranked 48th with sales of about $493 million.

The West, in fact, has several pockets of growth. Nevada is projected to expand its sales by nearly 8 percent; Arizona by just under 4 percent. But Colorado's sales are projected to decline by 4.3 percent.

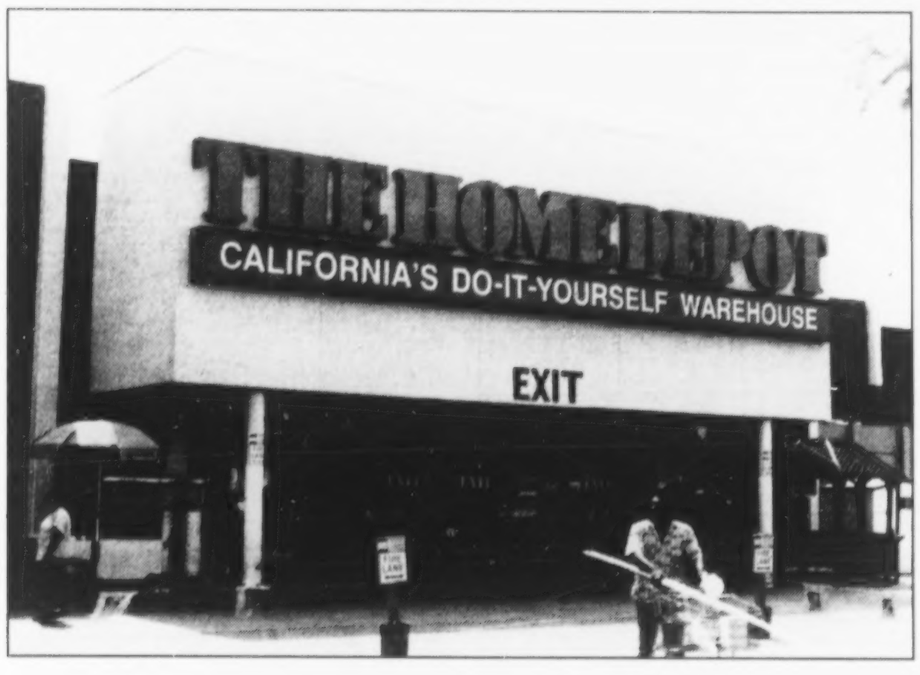
The Texas market appears to be rebounding, too, with sales expected to grow by 4 percent. Houston, Dallas, Fort

Rank 1992	Rank 1991	City (Metro Area)	1992 Bldg. Mat'l Sales vol. ($ Mil.)	1991 Bldg. Mat'l Sales vol. ($ Mil.)	Percent Change 91-92
1	1	Los Angeles/Long Beach	**3,067.9**	2,974.6	3.1
2	2	Chicago	**1,988.1**	2,052.9	– 3.2
3	4	Philadelphia	**1,823.4**	1,797.6	1.4
4	3	Atlanta	**1,783.7**	1,810.5	– 1.5
5	5	Boston/Lawrence/Salem/Lowell/Brockton	**1,766.6**	1,758.6	0.5
6	6	New York	**1,729.2**	1,681.3	2.8
7	7	Detroit	**1,692.5**	1,640.5	3.2
8	8	Houston	**1,607.8**	1,541.7	4.3
9	9	Washington D.C.	**1,541.3**	1,526.4	1.0
10	10	Nassau-Suffolk, N.Y.	**1,530.7**	1,500.6	2.0
11	11	Minneapolis/St. Paul	**1,395.3**	1,346.3	3.6
12	12	Anaheim/Santa Ana, Calif.	**1,292.9**	1,260.7	2.6
13	13	Riverside/San Bernardino, Calif	**1,240.0**	1,171.6	5.8
14	14	Dallas	**1,208.1**	1,158.4	4.3
15	18	Seattle	**1,087.1**	1,004.6	8.2
16	16	Phoenix	**1,078.1**	1,039.7	3.7
17	17	Tampa/St. Petersburg/Clearwater, Fla.	**1,031.6**	1,022.6	0.9
18	19	San Diego	**972.9**	950.1	2.4
19	20	Baltimore	**914.9**	906.2	1.0
20	15	St. Louis	**866.3**	1,102.0	– 21.4
21	22	Oakland, Calif.	**851.5**	831.3	2.4
22	21	Denver	**806.6**	869.4	– 7.2
23	23	Sacramento, Calif	**768.0**	734.1	4.6
24	24	Pittsburgh	**736.6**	724.6	1.7
25	28	Kansas City, Mo.	**689.4**	666.0	3.5
26	26	Orlando, Fla.	**683.4**	677.5	0.9
27	30	San Francisco	**674.7**	638.2	5.7
28	27	Miami/Hialeah, Fla.	**673.3**	667.4	0.9
29	31	Ft. Worth/Arlington, Texas	**657.0**	629.9	4.3
30	29	San José, Calif.	**654.4**	642.2	1.9
31	32	Charlotte/Gastonia/Rock Hill, N.C.	**622.1**	611.1	1.8
32	33	Bergen-Passaic, N.J.	**608.4**	604.0	0.7
33	37	Oklahoma City	**605.8**	562.0	7.8
34	34	Indianapolis	**597.0**	592.7	0.7
35	35	Norfolk/Virginia Beach/Newport News, Va.	**596.2**	580.9	2.6
36	36	San Antonio	**589.1**	564.8	4.3
37	39	Austin, Texas	**565.0**	541.7	4.3
38	38	Cleveland	**552.5**	542.5	1.8
39	25	Newark, N.J.	**547.2**	701.6	– 22.0
40	40	Cincinnati	**546.9**	533.9	2.4
41	41	Ft. Lauderdale/Hollywood/Pompano Beach, Fla.	**534.5**	529.8	0.9
42	45	Milwaukee	**527.7**	497.1	6.2
43	47	Salt Lake City	**525.2**	495.0	6.1
44	48	New Orleans	**518.9**	482.1	7.6
45	43	Monmouth-Ocean, N.J.	**513.1**	509.4	0.7
46	46	Columbus, Ohio	**504.9**	495.7	1.9
47	42	Hartford/New Britain/Middletown/ Bristol, Conn.	**498.5**	514.4	– 3.1
48	50	Portland, Ore.	**493.2**	449.9	9.6
49	44	Bridgeport/Stamford/Norwalk/ Danbury, Conn.	**476.2**	499.9	– 4.7
50	49	Middlesex/Somerset/Hunterdon, N.J.	**464.8**	461.4	0.7
		Totals and *Averages*	**47,700.4**	47,097.4	*1.4*

Source: *Editor & Publisher* — *NHCN* chart

Rank 1992	Rank 1991	State	1992	1991	1990	1989	1988	% Change 91-92	5-Year % Change
1	1	California	**12,791,010**	12,342,949	12,273,079	12,271,232	10,791,437	3.63	19
2	2	Texas	**8,386,107**	8,050,383	8,899,930	8,675,053	8,186,329	4.17	2
3	3	Florida	**6,869,846**	6,811,835	6,509,356	6,345,591	5,650,467	0.85	22
4	4	New York	**6,166,378**	6,005,202	5,680,246	5,449,515	5,035,120	2.68	22
5	5	Pennsylvania	**4,757,568**	4,677,851	5,389,077	4,197,617	3,764,572	1.70	26
6	6	Illinois	**4,578,053**	4,503,588	4,312,903	4,143,961	3,840,915	1.65	19
7	7	Michigan	**4,152,560**	4,018,534	3,864,746	3,685,578	3,228,616	3.34	29
8	8	Ohio	**3,966,101**	3,895,831	3,698,337	3,591,415	3,304,288	1.80	20
9	9	North Carolina	**3,778,170**	3,719,948	3,606,701	3,443,849	3,008,706	1.57	26
10	10	Georgia	**3,395,495**	3,469,853	3,242,769	3,123,212	2,687,019	– 2.14	26
11	11	New Jersey	**3,257,718**	3,234,204	3,174,269	3,095,050	2,666,903	0.73	22
12	12	Massachusetts	**2,866,985**	2,852,879	2,763,410	2,627,893	2,367,428	0.49	21
13	13	Virginia	**2,746,903**	2,673,211	2,499,484	2,443,539	2,171,252	2.76	27
14	14	Minnesota	**2,736,943**	2,647,377	2,738,568	2,585,643	2,359,060	3.38	16
15	16	Washington	**2,603,282**	2,403,757	2,369,929	2,310,926	2,037,892	8.30	28
16	15	Indiana	**2,523,631**	2,505,153	2,362,529	2,295,205	2,160,810	0.74	17
17	17	Missouri	**2,442,386**	2,373,901	2,216,729	2,300,571	2,074,472	2.88	18
18	18	Wisconsin	**2,352,985**	2,210,276	2,153,888	2,112,457	1,912,585	6.46	23
19	19	Louisiana	**2,146,574**	1,995,051	2,112,681	2,045,389	2,062,052	7.59	4
20	20	Tennessee	**1,988,841**	1,964,158	1,909,074	1,865,293	1,674,766	1.26	19
21	21	Maryland	**1,939,243**	1,916,768	1,699,499	1,747,803	1,514,491	1.17	28
22	26	South Carolina	**1,832,488**	1,628,258	1,646,669	1,567,535	1,427,049	12.54	28
23	22	Colorado	**1,817,519**	1,899,019	2,048,875	2,017,001	1,888,142	– 4.29	– 4
24	23	Arizona	**1,752,414**	1,690,418	1,745,963	1,719,860	1,491,799	3.67	17
25	24	Alabama	**1,699,957**	1,658,747	1,593,940	1,560,034	1,393,934	2.48	22
26	25	Connecticut	**1,597,046**	1,655,460	1,536,052	1,457,802	1,322,763	– 3.53	21
27	27	Kentucky	**1,576,665**	1,504,305	1,500,670	1,423,549	1,330,516	4.81	19
28	28	Oklahoma	**1,550,558**	1,477,301	1,581,999	1,528,272	1,504,480	4.96	3
29	29	Iowa	**1,533,165**	1,461,027	1,559,114	1,504,156	1,440,189	4.94	6
30	30	Kansas	**1,301,132**	1,209,305	1,247,333	1,218,105	1,167,170	7.59	11
31	31	Oregon	**1,297,352**	1,205,209	1,193,102	1,142,276	1,019,000	7.65	27
32	32	Arkansas	**1,032,236**	1,019,384	1,043,675	1,002,414	902,357	1.26	14
33	34	Mississippi	**968,545**	937,838	977,944	929,210	854,168	3.27	13
34	33	New Hampshire	**968,540**	1,011,339	931,023	882,097	744,458	– 4.23	30
35	36	Nebraska	**863,784**	833,776	911,132	866,559	827,001	3.60	4
36	35	West Virginia	**834,884**	837,867	807,488	766,330	763,813	– 0.36	9
37	37	Maine	**812,032**	788,835	715,009	678,921	600,681	2.94	35
38	38	Utah	**795,507**	749,442	802,164	784,096	735,398	6.15	8
39	39	New Mexico	**755,668**	738,503	837,488	834,326	770,792	2.32	– 2
40	41	Nevada	**620,155**	575,083	632,675	603,188	546,948	7.84	13
41	40	Alaska	**591,424**	598,301	662,659	651,579	638,160	– 1.15	– 7
42	43	Montana	**474,206**	456,870	508,614	499,904	482,538	3.79	– 2
43	42	Idaho	**449,736**	484,331	531,606	504,145	471,813	– 7.14	– 5
44	44	Vermont	**430,424**	436,484	422,412	405,748	346,453	– 1.39	24
45	45	Rhode Island	**419,054**	413,704	385,925	365,261	332,005	1.29	26
46	46	North Dakota	**415,421**	408,176	430,608	407,573	423,181	1.77	– 2
47	47	South Dakota	**413,398**	393,519	413,961	392,159	368,370	5.05	12
48	49	Hawaii	**388,391**	370,324	337,905	321,736	288,159	4.88	35
49	48	Delaware	**330,881**	377,775	269,248	338,437	308,184	– 12.41	7
50	50	Wyoming	**274,616**	279,490	339,623	323,825	324,820	– 1.74	– 15
		Totals and *Averages:*	**114,243,977**	**111,372,799**	**111,092,080**	**107,052,890**	**97,213,521**	*2.58*	*18*

Source: *Editor and Publisher* — *NHCN* chart



Home Depot (above) *and Handy Andy were the leading retailers in their respective markets of Los Angeles and Chicago, which are projected to grow at the fastest rates.*

Worth/Arlington, San Antonio and Austin are projected to produce 55 percent of the states' sales in these categories this year.

Sales in the Midwest will increase slightly, according to the *E&P* estimates. Yet even though several companies recently moved closer to metro Chicago—for example, HomeBase, Menard's and Seigle's—sales in the nation's second largest home improvement market are expected to decline. Similarly, projected sales in St. Louis, which has been experiencing a tough time economically in the last year, are expected to decrease by 21 percent, according to *E&P*.

Three New England states—Connecticut, New Hampshire and Vermont—will also experience a sales decline. However, the other New England states will actually see an increase in sales this year, according to *E&P*'s projections.

The Boston-area market, where business in general has been difficult, is projected to gain by about 1 percent. This is a very hard market to make predictions about though, because, on one hand, so many small lumberyards have gone out of business in recent years while, on the other hand, Home Depot, Grossman's, HomeQuarters Warehouse and Somerville Lumber have all expanded.

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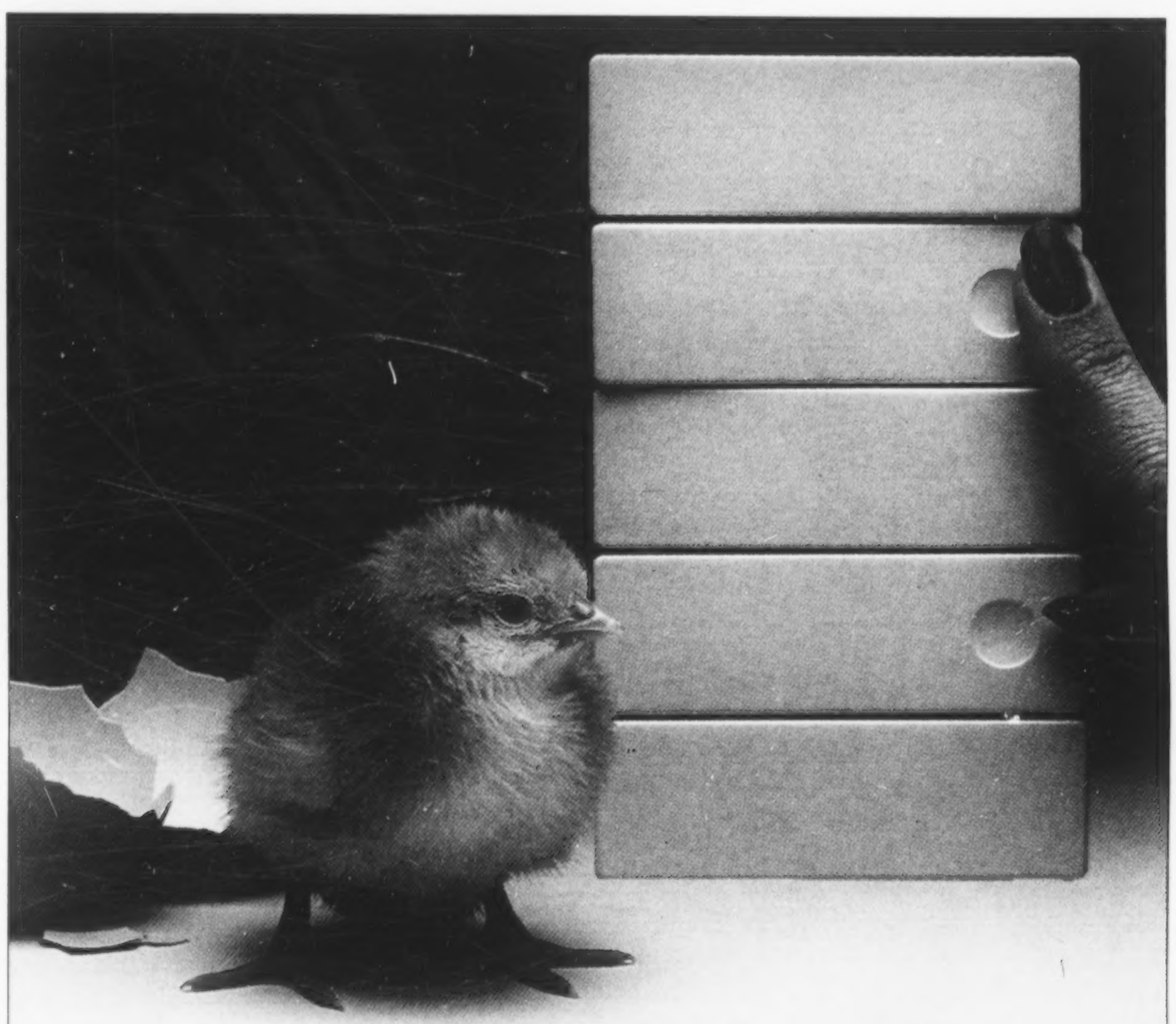

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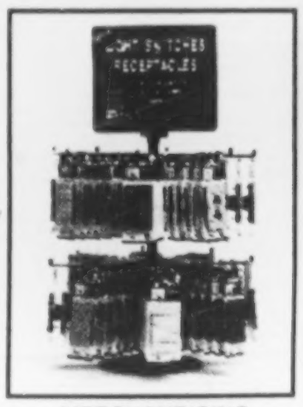

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Chains lend a helping hand to riot victims

(Continued from page 117)

Independent Lumber in Hawthorne watched as the mall across the street was looted.

"It was a scary situation. About 400 people were throwing rocks and bottles," said manager Rich Giles.

Giles was about to shut down when the police called and asked him to stay open. When the violence quelled, the mall security service escorted a forklift driver through the mall to deliver plywood to the shop owners.

Builders Emporium, The Home Depot and HomeBase also remained open during the crisis to sell plywood and other materials to local merchants, who needed the materials to board up broken windows. HomeBase initially decided to close its Inglewood and Gardena units on the Friday after the not-guilty verdict was handed down. But city officials and local merchants requested that the stores stay open, according to a HomeBase spokesperson.

Rising from the ashes

In the aftermath of the rioting, companies continue to donate materials and offer discounts to the community.

Even Standard Brands, which closed its Long Beach store for two days after looters stole computer equipment and vandalized its interior, donated cleaning supplies to the First African Methodist Episcopal Church (AME). This church has one of the city's largest black congregations.

And on the Tuesday following the violence, Standard Brands took out a full-page advertisement in the *Los Angeles Times* stating that the company will provide local businesses with special discounts for cleanup and repairs.

Builders Discount and Independent Lumber are also offering local businesses discounts on supplies. And Terry Lumber donated a truck and trailer load of plywood and lumber to various charity groups.

Chains like Home Depot, Builders Emporium, HomeBase and Los Alamitos-based Barr Lumber continue to pitch in wherever they can. These companies have already donated a multitude of supplies to the relief efforts.

HomeBase is now accepting American Red Cross disimbursement vouchers from riot victims who purchase construction materials and building supplies.

Home Depot has organized drop-off points at all its 29 Los Angeles-area warehouses. These stores are collecting clothing, food and household items for the First AME Church and the City of Hope, said Suzanne Apple, Home Depot's community affairs director.

The drop-off points are conveniently located for many surburban Los Angelenos, who may find it difficult to drive into the city to donate clothes and food.

Apple said the company has also written to Peter Ueberroth to see how Home Depot can provide further assistance. Ueberroth, who engineered the profitable 1984 Los Angeles Olympics, is now head of the Rebuild L.A. task force.

Bringing the city together

Industry leaders say that rebuilding L.A. cannot be done with lumber and paint alone.

Niko Taborga, the executive assistant at HomeAid, said the organization is hoping to help weave the divided community into one.

HomeAid, the non-profit subsidiary of the Builders Industry Association (BIA) that Home Depot sponsors, solicits donations of building materials for building contractors. The contractors in turn construct low-income housing units and transitional housing shelters.

Taborga said the organization expects the donations to pour in. HomeAid hopes to offer a cash prize to reward businesses for extraordinary community involvement.

Staying involved with the community is the key to bringing the city together, said Greenberg of Greenberg Hardware.

Neighbors guarded this store and painted "colored-owned" on the building to protect the white man's store during the Watts riots in 1965. But this time around, the violence got out of hand, he explained.

Nonetheless, Greenberg envisions a bigger and better store to serve the community. "I anticipate a brand new store with new fixtures and signage. I'm enthused at this point."

Molson fuels Aikenhead's growth with new stock to investors

TORONTO — The expansion of Aikenhead's Home Improvement Warehouse will be funded by a new issue of stock that is being offered by its parent, Molson Cos.

On May 14 Molson filed with regulatory authorities to offer 3.75 million shares of Class A non-voting stock at $33.50 (Canadian) per share. This offering proceeded an underwriting agreement between Molson and a group of Canadian investment dealers.

The group is comprised of brokerage houses RBC Dominion, Gordon Capital Corp., Nesbitt Thomson, Burns Fry Ltd., Richardson Greenshields of Canada Ltd., Scotia-McLeod Inc., Wood Gundy Inc., Levesque Beaubien Geoffrion Inc. and Trilon Securities.

Molson projects net proceeds from this offering to range between $96 million and $120 million (Canadian).

After refinancing its outstanding commercial debt, Molson intends to use the rest of the proceeds to fund the expansion of Aikenhead's, which opened its first store in April and has two more opening later this year. Plans call for having 10 units opened by 1995, and going nationwide by 2000.

The first Aikenhead's, located in the Toronto suburb of Scarborough, has been attracting huge crowds and reportedly has been generating big sales. For example, Skil Corp. sold an estimated $200,000 worth of its 7¼-inch circular saws in the first six weeks the store was open, according to Mike Clancy, a vice president

Home Depot seeks bylaw change to raise outstanding stock ceiling

ATLANTA — Home Depot will ask its shareholders to approve a proposal that would increase the number of authorized shares of common stock to 1 billion from its current 250 million share limit.

In its proxy statement to shareholders, who will meet on May 27 here, Home Depot reported that it had issued 211,112,313 shares of stock through its most recent fiscal year, which ended Feb. 2.

Company spokesperson Lonnie Fogel explained that with that many shares already on the market, the chain doesn't have enough "head room" to consider future stock splits to get the price of its shares down to more affordable levels.

There has been considerable speculation that Home Depot would split its stock soon after its shareholders meeting. Fogel insisted that the proposal should not be read as a sign that a split was imminent. However, he did note that the company's board of directors will meet soon after the shareholders meeting. And if this proposal is approved "the board can be expected to discuss a stock split."

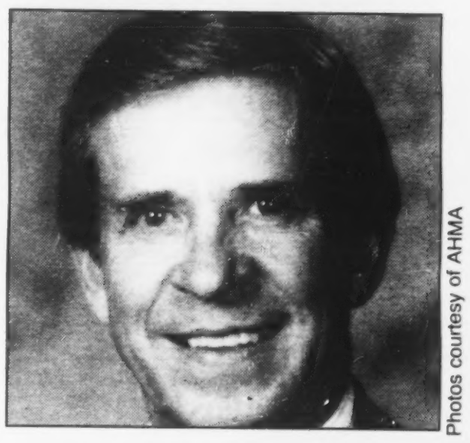
Fogel also noted that this "little bit of housekeeping" was not connected to the chain's expansion plans, for which he said Home Depot had enough money to fund its growth to 525 stores by the end of 1996.

The proxy statement also provided information about how much stock is controlled within the company. Thirty-two company officials and 10 board members own 21.2 million shares, or about 10 percent of the total outstanding.

Bernard Marcus, Home Depot's chairman and ceo, owns around 8.4 million shares, and his wife controls another 95,680 shares as trustee for their children.

Sununu to give keynote speech at Hardware Show

John H. Sununu



Larry P. Kunz

Photos courtesy of AHMA

CHICAGO — Former White House chief of staff John Sununu will be the keynote speaker at the National Hardware Show this August.

Sununu, the former Governor of New Hampshire, ran the day-to-day operations of the White House from January 1989 until his resignation last year. Currently, Sununu duels with Michael Kinsley as the co-host of Cable News Network's "Crossfire."

Sununu will speak at 8 a.m. on Aug. 17 on the topic of "Politics 1992: Behind the Scenes," and particularly the changing domestic agenda in America.

The first day of the show will also feature an educational program held in conjunction with the National Building Products Exposition and Conference that's being held at the Hyatt Regency Hotel Aug. 14 to 17. Seven hour-long sessions will be conducted over the four-day show, headlined by keynote speaker Larry Kunz, the president of Payless Cashways in Kansas City, Mo.

Correction

NHCN's annual ranking of building materials distributors, published May 11, contained only partial information about Hager Group Cos. in Grand Rapids, Mich.

Ted Buzalski, the company's secretary/treasurer, reports that Hager Group—which includes Hager Distribution, Grand Rapids Sash and Door and Hager Lumber—last year operated 17 distribution centers. It got about 50 percent of its $160 million in sales from the sale of millwork, beams and other building products such as roofing and insulation.

The company has a total of 70 inside and 50 outside salespeople, and has 43 company-owned trucks.

Enterprising Lebovitz takes 'risk' in Chicago

Former wholesaler president markets paint to inner city

CHICAGO — Niche marketing has its thrills.

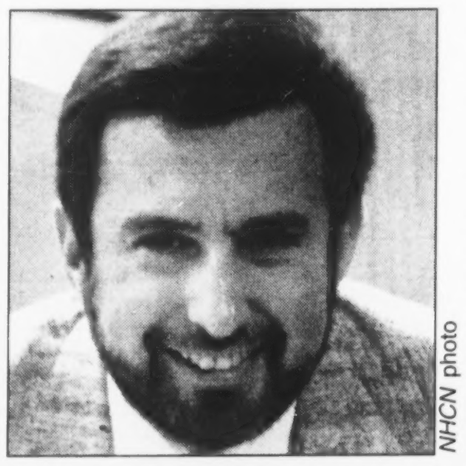
Robert Lebovitz offered to show off the blood stains on the front of his car recently as evidence.

Lebovitz, former president of the Chicago hardlines wholesaler bearing his name, is now making the rounds of Chicago hardware stores, marketing his new line of Diamond-Brite paint designed for inner-city consumers.

Targeted to meet the price requirements and tastes of Hispanic and Afro-American consumers, Lebovitz' line debuted in May. The paint—contained in bright, Spanish- and English-language packaging—is now on the shelves of 22 hardware and home center stores in the inner city. In the first two weeks, Lebovitz delivered 7,000 gallons to the stores.

The paint, made in St. Louis, is shipped to a public warehouse in Chicago. The warehouse operator is responsible for picking the orders and making the deliveries, six days a week, to the stores.

It gets hairy visiting some of these retailers. While entering one hardware store on the southwest side of the city in the first week in May, gang violence erupted. A bleeding gang member fell against Lebovitz' car. He dashed inside the store, made the sale and, when he returned to his car, the confrontation was over.



NHCN photo

Robert Lebovitz

Lebovitz chose the "turf" where he sells the paint based on market research he conducted with inner-city and Spanish-speaking retailers during the last six months.

"Most upscale people buying paint are concerned with color and price as well as how well it will hide and hold up to washing," said the 40-year-old Lebovitz. "My customers are concerned with the hiding but not [concerned] with the washing."

He pointed out that the targeted groups prefer to buy paint in colors off the shelf and do not use large color selection displays to make custom colors. His paint colors are vibrant and simple.

In addition to white and gray, there are shades of lemon, lime ice, peach and pink among the total of 53 stock-keeping units of interior, exterior, primer and porch paint.

He even has a color called Aqua Mist, which, he said, larger paint companies dropped years ago but is still in demand in the inner city.

"My paint is just a pinch of the market. It's not my goal to be a giant," he said.

Stores carrying the line range from 1,800 to 5,000 square feet.

Newly opened HomeBase boosts space, selection and services

SAN BERNARDINO, Calif. — HomeBase recently celebrated the grand reopening of its 150,400-square-foot warehouse here.

Expanded by 50,400 square feet, this unit now features a 36,000-square-foot drive-through lumberyard, new product lines and a broader selection of materials for the building professional.

HomeBase's new 14,400-square-foot nursery, more than triples the size of the old one, caters to both the weekend gardener and "green thumb" with a wide array of plants, soil materials, tools and landscaping supplies.

The 4,600-square-foot light cloud, twice as large as its predecessor, features more than 300 illuminated light fixtures and lamps.

To help customers visualize their home decorating and remodeling projects, the new and improved unit offers stylish kitchen and bath displays, as well as a two-story millwork wall. The wall shows a wide range of door and window styles available through special order.

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National Home Center News

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Germany again industry grov

World powers seek gains from new markets, more produ

Germany was again the world's healthiest retail home improvement market in 1991, with extraordinary sales growth estimated as high as 26 percent.

And again, Germany was an exception. In much of the world, growth was modulated by slow economies and heightened competition.

The German business surge was fueled by demand from the five new eastern states, where people hunger for home improvement products following 45 years of economic deprivation. They became ardent shoppers overnight, when savings were inflated in value after a one-time conversion into Deutsch Marks.

While this "gold rush" phenomenon is good for at least another year or two, German market leaders know that they, like home improvement merchants in the rest of Europe, North America and the Pacific, need to face a key challenge: as markets mature and consolidate, sustained growth is becoming more difficult to achieve.

Consequently, home improvement retailers worldwide are attempting to grow by:

- Dramatically increasing per-store productivity with new formats;
- Expanding into other countries, particularly those with less developed home improvement markets; and
- Dominating a particular niche.

In addition, retailers are attempting to refine their businesses by improving customer service and pursuing new, related segments of the markets, such as professional customers.

Ultimately, the need for sustained growth is producing profound worldwide structural changes. For example:

- While the U.S. home improvement market remains relatively fragmented, unprecedented market share is now being captured by The Home Depot and, to a lesser extent, by other warehouse operators;
- Pressure for European chains to grow is driving them to open larger, better assorted stores and to expand across national borders;
- In Japan, new competition and the recent success of Toys 'R Us are motivating home improvement retailers to reconsider the size and assortment of their relatively small stores.

Eventually, these markets will intersect dramatically. Some retailers, like some suppliers, will serve a wider world.

As Europe slowly integrates economically, certain market characteristics are likely to change. Regulators might permit larger stores, which would accelerate expansion across borders and probably produce greater economies of scale for the pan-European chains that emerge with more densely assorted stores and more competitive pricing.

This environment would also facilitate entries from outside of Europe, probably from the U.S.

Important factors, like historical cultural differences and varying product preferences, mitigate against this kind of multinational market development. However, momentum is building and is apparent in some of last year's highlights:

- The Home Depot, with $5.1 billion in sales from 174 stores, captured 5 percent of the world's largest retail home improvement market. With its attempt to engineer stores that can produce $60 million to $70 million annually, the chain continues to redefine the industry's potential;
- The largest chain in the U.K., B&Q, continued development of a warehouse format called B&Q Depot, which is intended to double per-store sales and secure the company's market dominance against current competitors and any intruders;
- German companies found that their stores in the new eastern states were gaining sales levels several times greater than their comparable western outlets. A 135,000-square-

yth leader

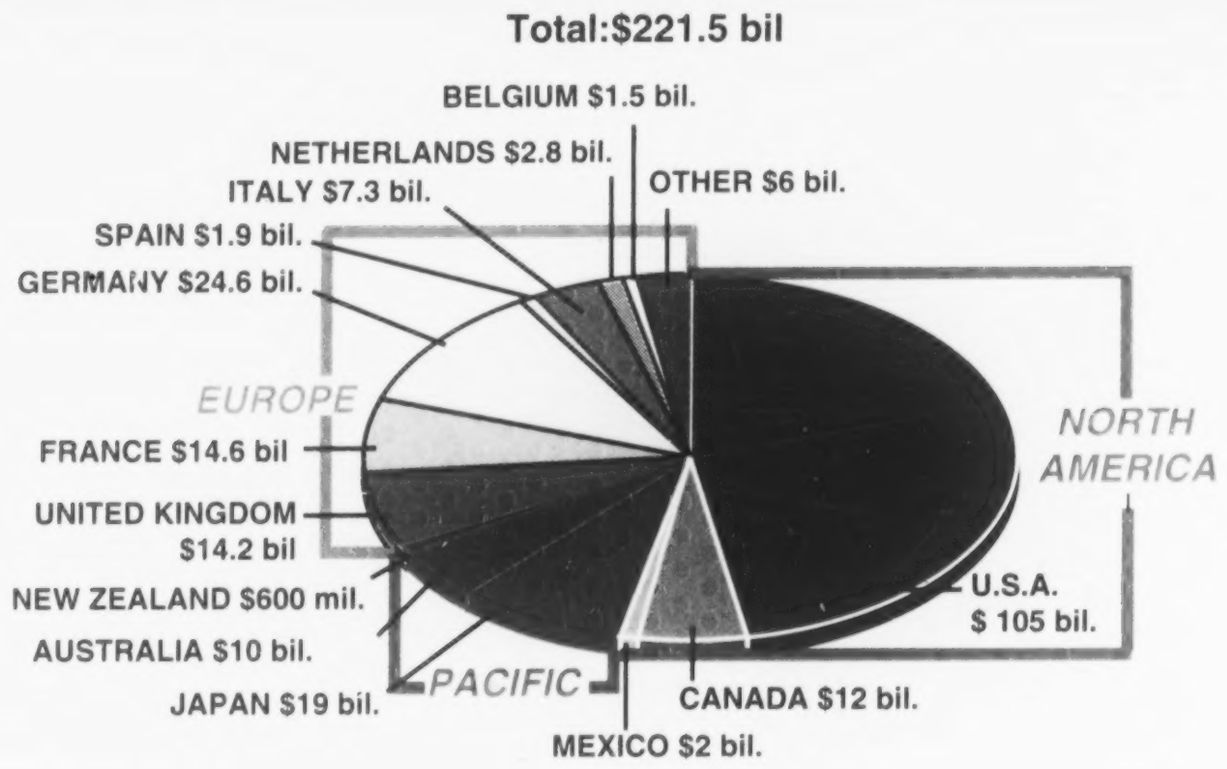
ctive stores

foot Hornbach store in eastern Berlin is expected to produce annualized sales of perhaps $60 million;

- Leaders continued expanding across national borders, as the U.K.'s Texas and Belgium-owned Aki added stores in Spain; Germany's OBI entered Italy, while Castorama of France opened another Milan store; the German Praktiker chain opened in Athens; and bau-Max of Austria prepared for Hungary and Czechoslovakia.

- Consolidating markets continued to consolidate. Intergamma, which owns the largest Netherlands chain, Gamma, purchased the fifth largest, Karwei. Gamma and Karwei together own about a quarter of the market. France's largest chain, Castorama, bought Briker's 17 stores.

The Worldwide Home Improvement Market



Sources: North America; U.S.A.– U.S. Commerce Dept. ; Canada, Mexico– estimates; Pacific: Japan– Japan DIY Assn.; Australia, New Zealand–estimates; Europe: United Kingdom–Verdict; France–Corporate intelligence; Germany–bau und heimwerkermarkt; Spain– Frost and Sullivan; Italy– Corporate Intelligence; Netherlands – A.C. Nielsen; Belgium–Corporate Intelligence.Where several versions of a markets size were available, the most inclusive was used.

These are most of the areas of the globe where home improvement retailing is an established or emerging industry.

Top 15 World Powers

Rank 1991	Company	Country	Sales 1991 $U.S.	Stores	Sales/store	Showroom sq. ft. Store avg.
1	**The Home Depot**	United States	**$5,137**	174	29.5	102,000
2	**Lowe's**	United States	**3,056**	306	10.0	26,200
3	**Canadian Tire**	Canada	**2,518**	420	6.0	20,000
4	**Payless Cashways**	United States	**2,390**	195	12.3	80,000
5	**Builders Square**	United States	**2,050**	150	13.7	83,000
6	**Castorama**	France	**1,892**	123	15.4	81,000
7	**B&Q**	United Kingdom	**1,817**	280	6.5	39,000
8	**GIB Group**	Belgium	**1,768**[1]	464	3.8	—[2]
9	**Hechinger**	United States	**1,615**	116	13.9	80,000
10	**HomeClub**	United States	**1,400**	73	19.2	113,000
11	**OBI**	Germany	**1,340**	221	6.1	29,200
12	**Texas Homecare**	United Kingdom	**1,153**	229	5.0	33,200
13	**Praktiker**	Germany	**977**	95	10.3	39,400
14	**Menard**	United States	**965**	60	16.1	70,000
15	**Leroy Merlin**	France	**910**	55	16.5	69,100

[1]Includes sales from GIB Group in proportion to its ownership: Belgium, Brico (100 percent); France, OBI (100 percent); Portugal, AKI (55 percent); Spain, AKI (50.5 percent); United Kingdom, Homebase (25 percent); United States, Central Hardware (29 percent); Handy Andy (65 percent); Scotty's (100 percent).

[2]Average size of GIB Group stores in square feet: Brico, 30,000; OBI, 32,000; AKI, 45,000; HomeBase, 34,500; Central Hardware, 65,000; Handy Andy, 68,000; Scotty's, 30,000.

Source: *NHCN* survey of companies
See individual country charts for conversion rates.
NHCN chart

Slow economy hampers growth

But Home Depot captures rising share

A nagging recession in 1991 continued to drag down the economy in the United States, where answers to such problems as unemployment and an intractable deficit on a $4 trillion national debt were in short supply.

Nowhere has the economic downturn been more evident than in home building and sales. In 1991 home construction fell to its lowest level since World War II. And while interest rates have fallen steadily, home prices remain out of reach for many people.

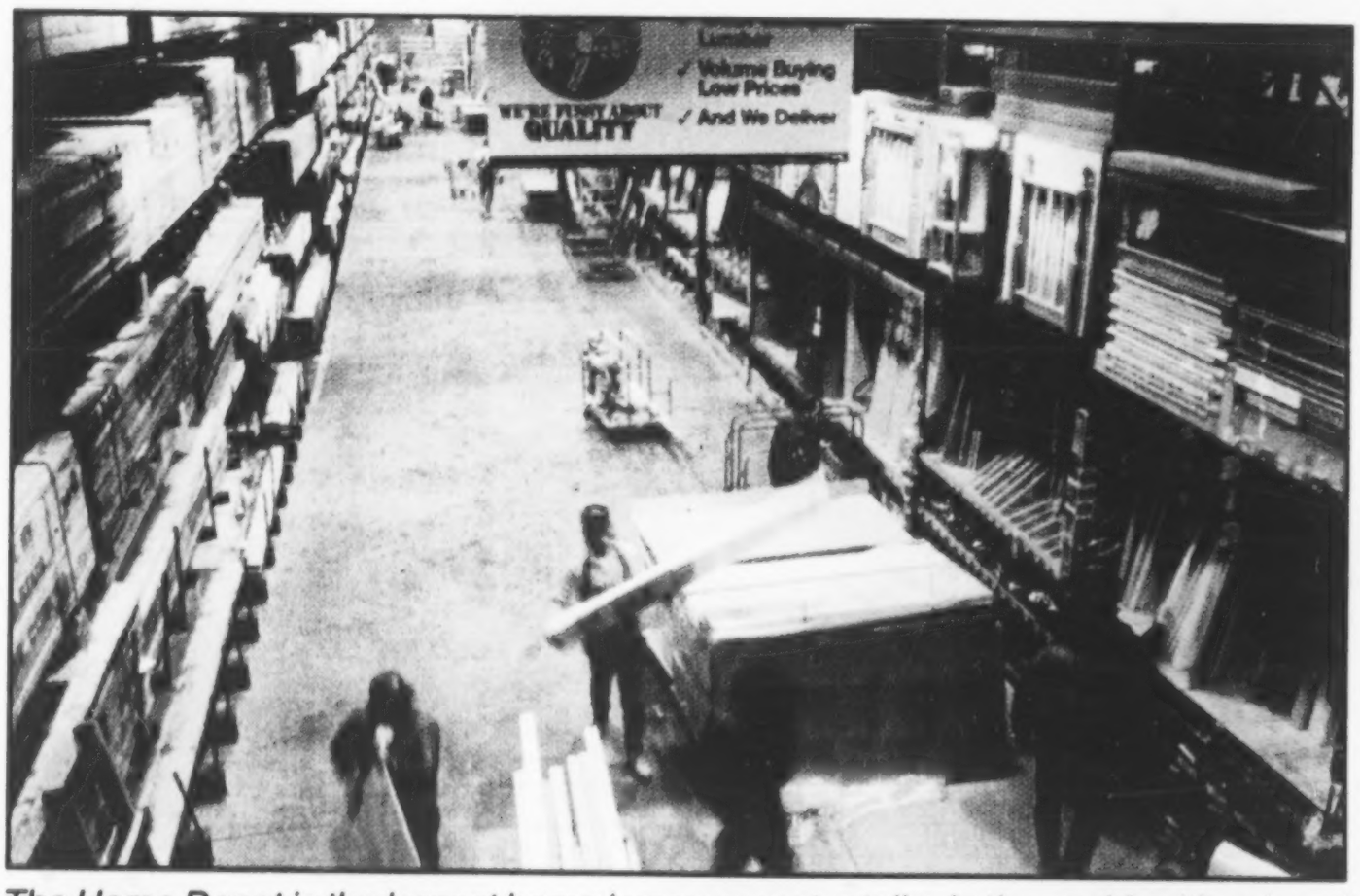
All this has had a decidedly dour impact on home improvement retailing. The market, estimated by McGraw-Hill/DRI at $104 billion, has been flat for two years. About $81 billion of that total, which comes out of building supply and hardware stores, has also been stuck in neutral.

In this rough environment, Home Depot, the world's largest home center chain, has been opportunistic in snatching market share. Its $5.1 billion in sales from 174 warehouse stores which averaged 102,000 square feet last year accounted for just under 5 percent of the total market.

Indeed, for the first time in the industry's history, there appears to be some hints of real consolidation, as the 10 largest dealers accounted for 18 percent of total revenues.

Much of this consolidation is being spurred by the growth of warehouse retailers. Home Depot opened 29 stores last year and intends to increase its store count annually by 25 percent over the next several years. Builders Square, which exceeded $2 billion in sales for the first time in 1991, will open 24 more stores this year. HomeBase (formerly HomeClub), has 15 more stores planned for 1992, including six in the Chicago market, its first entry there.

Nevertheless, the American home improvement arena is considerably more fragmented than similar industries in European countries, with smaller chains and independents dotting the landscape. The decade-long era when companies thought they



The Home Depot is the largest home improvement retailer in the world, with sales of $5.1 billion from 174 stores in 1991. Its warehouse store format revolutionized the U.S. market.

UNITED STATES: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 ($U.S. Mil.)	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Home Depot,** Atlanta	**5,137**	3,815	**34.7**	**174**	145	**102,000**	91,572	**30,000**	30,000	**21,500**
2	**Lowe's Cos.,** North Wilkesboro, N.C.	**3,056**	2,833	**7.9**	**306**	309	**26,197**	22,800	**25,000**	18,368	**16,000**
3	**Payless Cashways,** Kansas City, Mo.	**2,390**	2,229	**7.2**	**195**	195	**80,000**	27,000	**18,000**	18,000	**17,000**
4	**Builders Square,** San Antonio	**2,050**	1,890	**8.5**	**150**	144	**83,000**	79,861	**32,500**	17,000	**17,000**
5	**Hechinger,** Landover, Md.	**1,615**	1,392	**16.0**	**116**	115	**80,000**	80,000	**40,000**	15,000	**16,000**
6	**HomeClub,** Fullerton, Calif.	**1,400**	1,260	**11.1**	**73**	66	**113,000**	100,000	**30,000**	9,000	**8,500**
7	**Menard Inc.,** Eau Claire, Wis.	**965**	800	**20.6**	**60**	48	**70,000**	70,000	**30,000**	3,500	**NA**
8	**Grossman's,** Braintree, Mass.	**806**	813	**– 0.9**	**139**	155	**32,800**	30,400	**25,000**	4,700	**5,200**
9	**Eighty-Four Lumber,** Eighty Four, Pa.	**800**	767	**4.3**	**368**	342	**27,000**	27,000	**5,500**	4,500	**4,500**
10	**Sutherland Lumber,** Kansas City, Mo.	**792**	776	**2.1**	**80**	82	**27,000**	27,000	**20,000**	NA	**NA**

Source: *NHCN* survey of companies

NHCN chart

needed to imitate warehouse stores to survive ended with a crash of bankruptcies and business failures, including last year's liquidations of the Mr. Goodbuys and Builders Express operations.

The U.S. home improvement industry is now entering a kind of post-warehouse period whose mantra for many dealers is "productivity": how to get more business out of existing stores and, as much as possible, avoid costly physical expansion.

The trick has been for dealers to exploit market niches that Home Depot and the rest of its warehouse competitors have either ignored or are in only marginally. One of those areas, at least for the moment, has been home decor, a category in which several companies have capitalized.

Eagle Hardware & Garden in the Seattle area could be the hybrid of the future. Its huge stores carry more than $7 million in inventory and 50,000 items, and devote considerable space to stylish displays for upscale kitchens, baths and floor covering.

Pay 'N Pak, which is currently in Chapter 11, nevertheless has been remodeling units along the lines of its 44,000-square-foot prototype in Puyallup, Wash., whose work force includes 25 professional interior designers.

Hechinger has turned several of its 80,000-square-foot stores into "Home Project Centers," which have special display areas for baths, kitchens, lawn and garden and millwork. These stores are designed to increase unit sales by two-thirds to around $20 million.

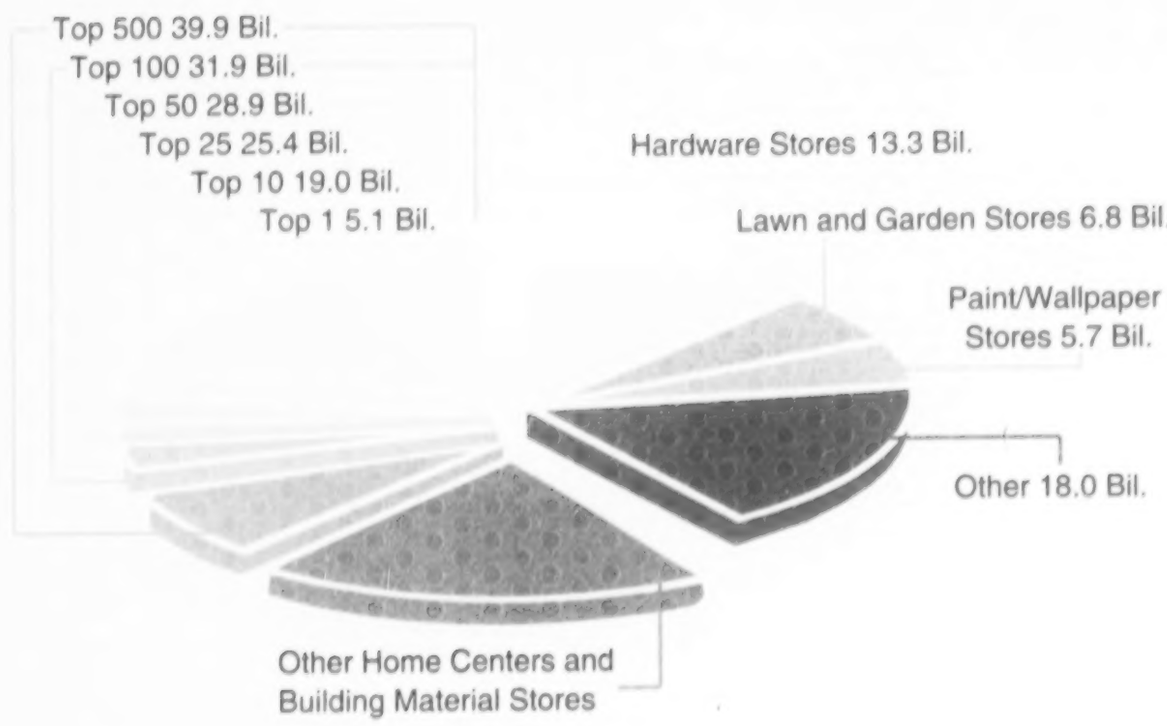
This post-warehouse trend is as much philosophical as it is tangible. At a time when Home Depot plans massive expansion into its northeastern markets, Channel Home Centers is coming out of bankruptcy touting its stores as "convenience" outlets. Rickel, another chain in the Northeast that was written off three years ago, has found new vigor by emphasizing low- and middle-end home decorating products in an orderly store that's decidedly not a warehouse.

The drive for improved productivity has also found most dealers improving dramatically the services they offer to customers. Most prominent has been the expansion of installed sales programs that have been adopted by dealers large and small around the country.

Retailers are also going out of their way to cultivate sales from contractors who, more frequently than ever, are doing the remodeling work for

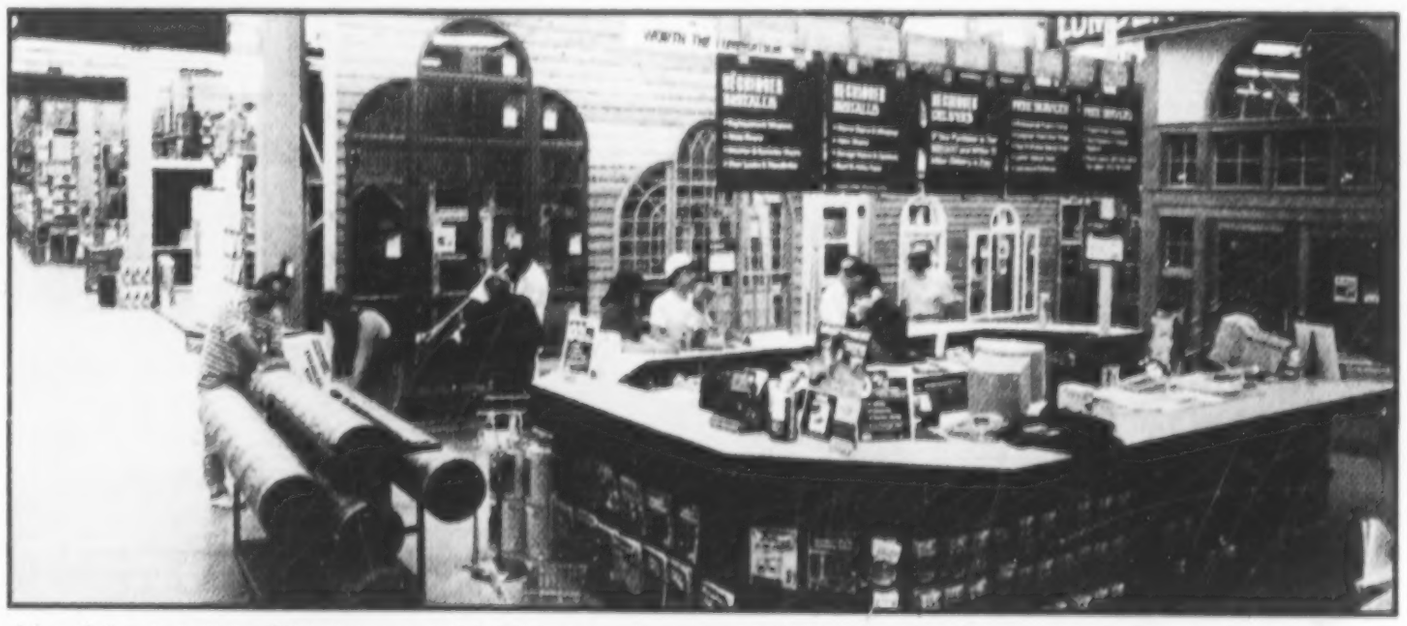
Continued on page 8

UNITED STATES
Retail Home Improvement Market Segmentation



THE UNITED STATES IS A RELATIVELY FRAGMENTED MARKET, ALTHOUGH THE LARGEST COMPANIES ARE GAINING INCREASED MARKET SHARE

The second largest U.S. home center retailer, Lowe's, is being transformed from a company of small stores serving mostly professionals into a consumer-driven chain of warehouse-type outlets.



Hechinger, the fifth largest U.S. home center chain, operates warehouse-type stores called HomeQuarters and traditional stores that are being remodeled into Hechinger Home Project Centers, like the one shown here.

U.S. co-ops see great potential

Introduce modern retailing techniques

The word "potential" probably best summarizes the state of the Mexican home improvement market.

It is fragmented and unsophisticated when it comes to merchandising and marketing techniques.

And consumers lack the disposable income or an inclination toward self-service shopping that has fueled DIY spending in other countries.

As discussions continue about a North American free trade zone, however, Mexico is viewed with heightened interest. Although, for the following reasons, it's clear that the market's development is in its earliest stages:

- About 70 percent of Mexico's 81 million people are considered poor;
- The bulk of retail sales in the hardware category comes from about 7,000 small hardware stores which lack a common distributor or association; and
- Other product categories are available through outlets that specialize in lumber, plumbing and bath, kitchen, paint, lighting or decor shops.

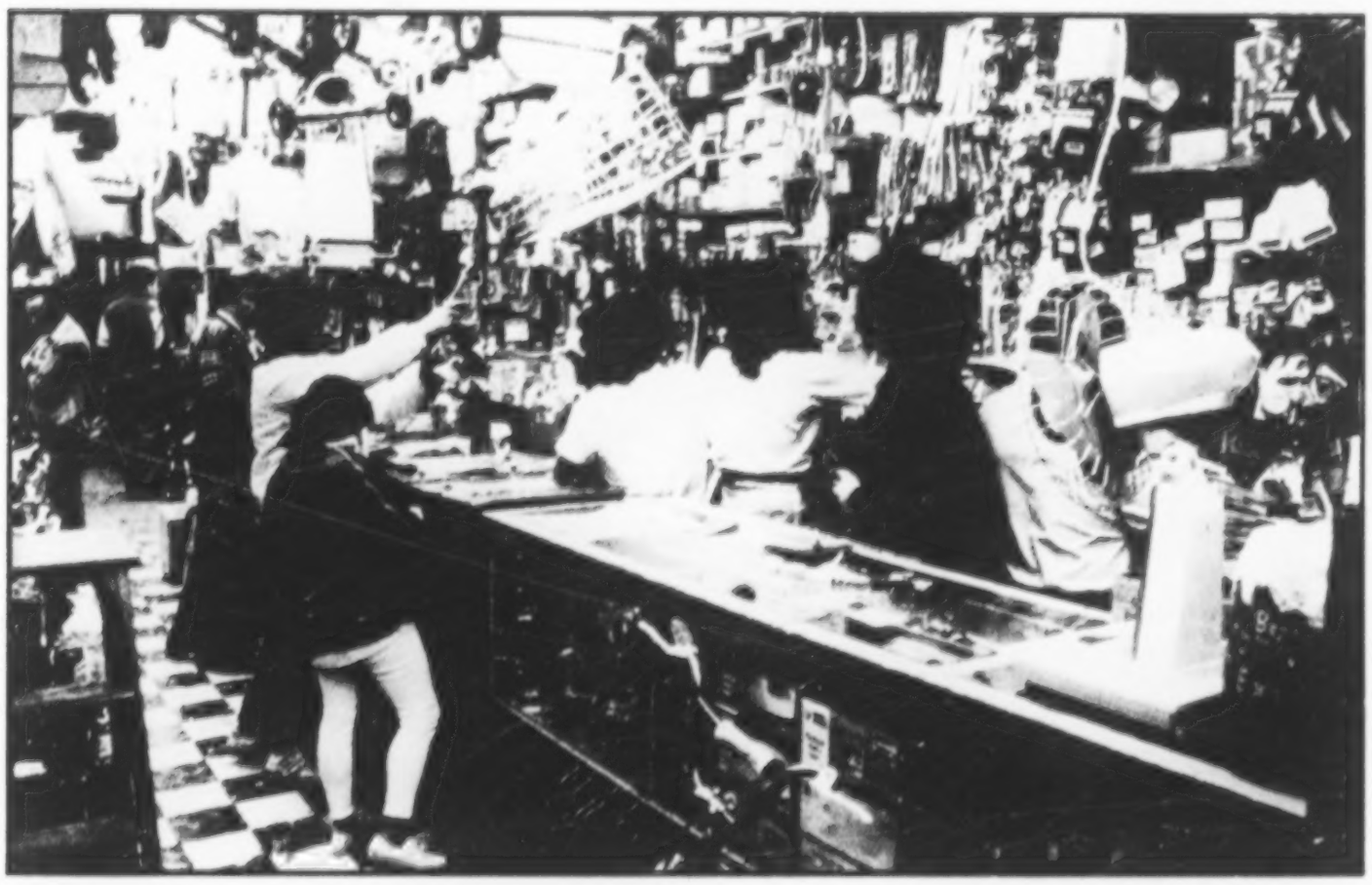
There are pockets of progressive home improvement retailing in the country, and they are distinctly American in look and merchandise.

In the capital city, American firms like Wal-Mart and Pace Warehouse Club opened state-of-the-art general merchandise stores with Mexican partners. Home improvement retailing is less far along, except for a few computers and vendor-supplied merchandisers.

In the border states and in Monterrey, True Value Home Centers are growing. One chain, Maderera Nacional (M + N True Value) should revamp as many as 10 hardware stores into ultramodern Cotter & Co.-supplied home centers in the area in 1992. These stores are Spanish-language, mirror-images of Cotter's stores in the U.S., and post sales above Cotter's average.

In Guadalajara, an Ace Hardware Corp. dealer-member is opening new, state-of-the-art hardware stores and expects to have four units opened in 1992.

Like the Cotter stores, the Ace stores rely on U.S. products and distribution. The majority of products are labeled in English.



In Mexico, home improvement merchandise is usually sold in small, independent hardware stores like the one shown here.

Slow U.S. economy

(Continued from page 7)

homeowners. These efforts have included operating separate checkout counters and loading bays for contractors, bringing in special products, and offering cheaper delivery to job sites.

Another fertile growth area appears to be special order, which dealers have latched onto like a long-lost brother. Special ordering also ties into many dealers' strategy to upgrade their stores image with the more discerning customer.

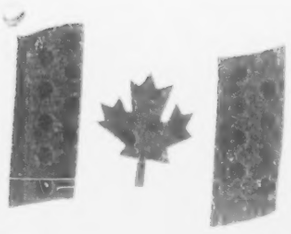
While many of the changes throughout America's home improvement industry have emanated from its largest players, smaller independent hardware stores and lumberyards—which still account for a huge segment of the business—have been able to survive by aligning themselves more closely with their buying groups, such as Cotter & Co., Ace Hardware and Lumbermen's Merchandising Corp.

Ironically, these dealer-owned groups have for years been badgering their dealers to improve their stores' productivity and get into niche markets. Now, that message is being listened to more attentively.

The Home Depot's newest stores, like this one in Clifton, New Jersey, are designed to increase annual sales productivity to $60 -to -$70 million.

Rude awakening ahead

Free trade, new competition threaten comfortable margins



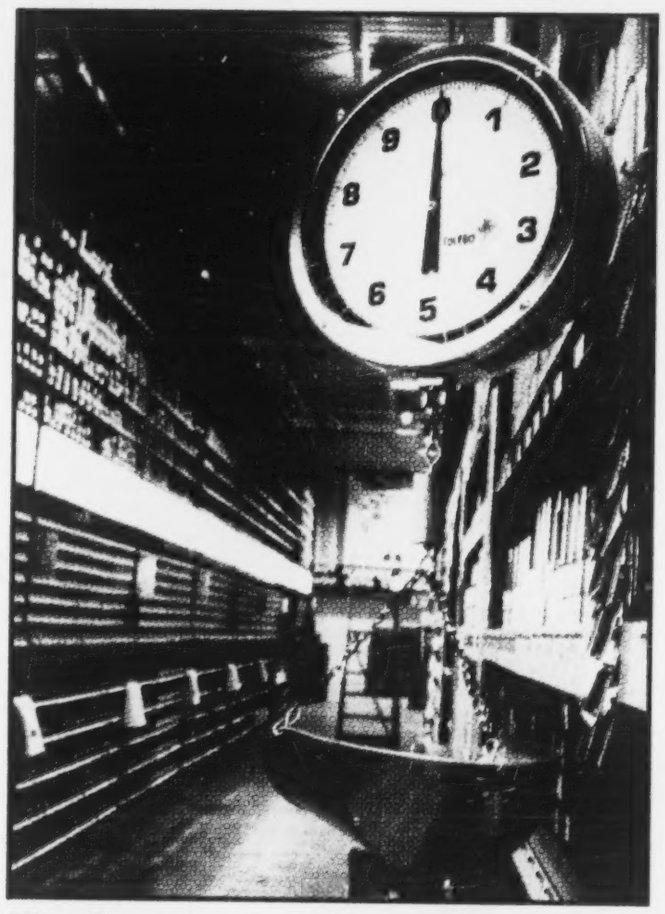
The Canadian home improvement market has long been characterized as a sleepy, $12 billion club, controlled by a small group of powerful wholesalers and retailers for whom competition was an abstract concept.

But when the governments of Canada and the U.S. signed a Free Trade Agreement in late 1989, that environment was changed forever. First, the trade pact exposed Canadians to a wider variety of merchandise at prices considerably cheaper than could be found in their own stores. Cross-border shopping became as common for some Canadians as a trip to the local convenience store, particularly in markets like Buffalo and Niagara, N.Y.

The sense that Canadian products were overpriced was compounded by the enforcement, after Jan. 1, 1991, of a 7 percent Goods and Services Tax (GST) that, in reality, replaced a 13.5 percent Federal tax which had been built into the cost of manufacturing since 1924. Dealers, though, complained they were being hurt by the GST because it was now "visible" to consumers at a time when the Canadian economy was sinking.

Against this backdrop, American-style retailing began pushing its way onto the Canadian scene and forcing the locals to take a closer look at their own businesses to keep up with their new neighbors.

Since the trade agreement was inked, the hardlines buying groups based in America had been trying to sign up Canadian independent dealers, initially with fitful success. Then ServiStar, the industry's third-largest co-op, hit pay dirt last year when it agreed to begin shipping dealer-members of the Homecare and Award buying groups that are part of the huge Matreco distribution network.



The Canadian market is in for a jolt with the entry of Aikenhead's, a warehouse chain modeled after The Home Depot.

An even bolder—and, some would argue, much riskier—step was taken early this year by Cotter & Co., the $2 billion co-op based in Chicago, which agreed to pay $13 million for the assets of the precarious wholesaler Macleod-Stedman in Winnepeg, Manitoba, and the right to distribute merchandise to M-S's franchised dealers. If this deal pans out, Cotter officials project sales from this venture could reach $100 million.

If this invasion weren't bad enough, now Molson Cos., the huge brewery giant that also owns the 181-unit Beaver Lumber chain, is in the initial stages of introducing American-style warehouse retailing to Canadian customers. It hired two former employees away from Home Depot and HomeQuarters Warehouse to develop Aikenhead's Home Improvement Warehouse, whose first store, a 138,000-square-foot, 30,000-sku monster, opened in Toronto in March 1992.

The grand opening reportedly was a smash, and two more Aikenhead's will open this year there. The company also has a joint venture with Molson's Groupe Val Royal to open similar units in Quebec. Aikenhead's wants to be a national chain within 10 years.

CANADA: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 $ Canadian	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Canadian Tire**, Toronto	**2,987**	**2,518**	2,579	– 2	**420**	418	—	—	**20,000**	20,000	**25,000**
2	**Beaver Lumber**[1], Toronto	**779**	**657**	707	– 7	**172**	170	—[2]		—[3]		**1,426**
3	**Cashway**, Toronto	**288***	**243***	239*	2	**65**	63	**16,000**	12,000	**10,000**	18,000	**1,500**
4	**Groupe Val Royal**, Montreal	**166**	**140**	129	9	**13**	13	**75,000**	75,000	**42,000**	42,000	**1,100**
	Brico	**124**	**105**	89	18	**8**	8	**54,000**	54,000	**30,000**	30,000	**900**
	Val Royal	**42**	**35**	40	–13	**5**	5	**21,000**	21,000	**12,000**	12,000	**200**
5	**Revelstoke**, Langley, B.C.	**160**	**135**	126	7	**28**	28	**25,000**	25,000	**25,000**	25,000	**1,000**
6	**Lumberland**, Burnaby, B.C.	**100**	**84**	76	10	**16**	17	**30,000**	30,000	**18,000**	18,000	**700**
7	**Lansing Buildall**, New York, Ontario	**85**	**72**	84	–14	**9**	8	**25,000**	25,000	**17,500**	17,500	—
8	**Totem Building Supplies**, Calgary	**78**	**66**	67	– 1	**8**	8	**16,000**	16,000	**12,000**	12,000	**375**
9	**Kent**, St. John, N.B[3]	**61**	**52**	47	11	**12**	12	**29,000**	29,000	**15,000**	13,000	**400**
10	**Goineau-Bousquet**, Laval, Quebec	**41**	**35**	33	6	**2**	2	**60,000**	60,000	**42,000**	41,000	**350**

[1]Ownership: Molson Companies
[2]Range for 1990-1991: 6,400-26,000 sq. ft.
[3]Range for 1990-1991: 8,000-25,000 sq. ft.

*NHCN estimate

Source: *NHCN* survey of companies
$1 U.S. = 1.1864 Canada
NHCN chart

Chains enjoy huge sales increases

Expansion into new eastern states fuels growth surge. . . for now

Late on a Friday afternoon early this year, Wilfried Krüger and his wife stood in the bath department of a 135,000-square-foot Hornbach store in eastern Berlin, ready to spend 5,000 Deutsch Marks ($3,400) on a new bathroom. But they couldn't find sales help.

Their dilemma illustrates the challenge facing German home centers. Reunification created extraordinary instant demand from 16 million people in five eastern states who are hungry for merchandise of western quality and style, and can pay for it.

Predictably, German home center companies are racing to open eastern stores as fast as possible. There are already about 300 western-type home centers in the east, with another 124 planned for this year, according to *Bau & Heimwerker Markt*, a trade publication.

However, 40 years of Communist rule left considerable obstacles in its wake: clearing title to a store site can be a tortured process; and training a new work force requires starting with Capitalism 101.

With its latest prototype, Max Bahr is filling in its traditional markets in northern Germany, such as Kiel, shown here, and expanding into the eastern part of the country.

It's clearly worth the extra effort. The Berlin Hornbach store, which opened in February, is reportedly gaining annualized sales of 100 million Deutsch Marks ($65 million), which is unprecedented in Germany.

The eastward surge is generally credited for the 26.1 percent increase in home center sales to 16.9 billion Deutsch Marks ($11.2 billion) from 1,846 stores, as reported by *Bau & Heimwerker Markt*.

The publication estimates that sales of home improvement merchandise from all kinds of outlets in Germany last year totaled 40 billion Deutsch Marks ($25 million).

The expansion into eastern Germany has probably deflected some attention from opening stores in other European countries. This activity has not stopped completely, however. German home centers operate stores in Luxemburg, Spain, Italy and Greece. Locations in Poland, Hungary and Czechoslovakia are also being explored.

At the same time, German retailers are filling in their markets in western Germany. And regional companies are emerging as national powers.

Finally, German home centers may face increasing competition from outside Germany as well. France's largest chain, Castorama, recently opened its first German store in Castrop-Rauxel near Cologne.

Some highlights:

- Praktiker, with 1.6 billion Deutsch Marks ($977 million) in sales from 95 stores, is consolidating its position in the market.

Praktiker is the most profitable

GERMANY: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Marks[1]	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**OBI**, Wermelskirchen	**2,200**	**1,340**	1,100	**22**	**221**	199	**29,200**	28,000	**40,000**	40,000	**6,000**
2	**Praktiker**, Saarbrucken	**1,600**	**977**	856	**14**	**95**	86	**39,400**	37,800	**30,000**	30,000	**4,000**
3	**Bauhaus***[2], Mannheim	**1,300**	**795**	630	**26**	**97**	94	**38,300**	35,900	**40,000**	40,000	—
4	**Stinnes**, Esslingen	**1,100**	**690**	455	**52**[3]	**131**	138	**27,000**	24,800	**30,000**	30,000	**2,400**
5	**Hagebau***, Soltau	**910**	**556**	428	**30**	**152**	135	**21,300**	18,800	**20,000**	20,000	—
6	**Max Bahr**, Hamburg	**762**	**466**	402	**16**	**63**	59	**31,300**	30,700	**25,000**	22,000	**1,859**
7	**Hornbach**, Bornheim	**703**	**430**	313	**37**	**30**	26	**71,700**	62,500	**40,000**	35,000	**1,401**
8	**Götzen**, Rheinhausen	**604**	**369**	141	**160**	**65**	45	—	15,000	**30,000**	30,000	—
9	**Interpares***, Mannheim	**552**	**337**	354	**– 5**	**116**	122	—	16,300	**20,000**	20,000	—
10	**Hellweg**, Dortmund	**484**	**296**	171	**73**	**34**	**26**	**36,000****	36,000**	**23,000**	22,000	**1,500**

[1]Figures include company & franchise units
[2]Figures for Germany only. Excludes Austria (21), Denmark (4) and Spain (2) stores.
[3]Acquired apprx. 80 stores in 1990

*Source: *Bau & Heimwerker markt.*
***NHCN* estimate

Source: *NHCN* survey of companies
$1 U.S. = 1.636 Marks
NHCN chart

holding of a giant distribution company called Asko.

The chain's current stores are 60,000-square-foot full-line home centers. Asko's two other home center holdings—Real-kauf, which operates in the north and Extra, which is active in the Rhineland—are being converted into Praktiker stores.

Last year, Praktiker, which also operates in Luxemburg, opened its first store in Athens.

• OBI, which operates franchise units, moved into eastern Germany but also exported its format to Italy where it opened stores called Super Hobby in Bologna and Pisa.

German home center companies are racing to open eastern stores as fast as possible. There are already about 300 western-type home centers in the east, with another 124 planned for this year.

• Stinnes continued assimilating the roughly 80 stores that it purchased in 1990 from Co-op;

• Max Bahr, a Hamburg-based, family-owned company, moved aggressively into eastern Germany with 13 small stores by the end of 1991. It will continue opening four or five stores per year throughout the east at the same time that it secures its dominant position in northern Germany with stores like its current prototype, which opened early this year in Kiel on the Baltic Sea.

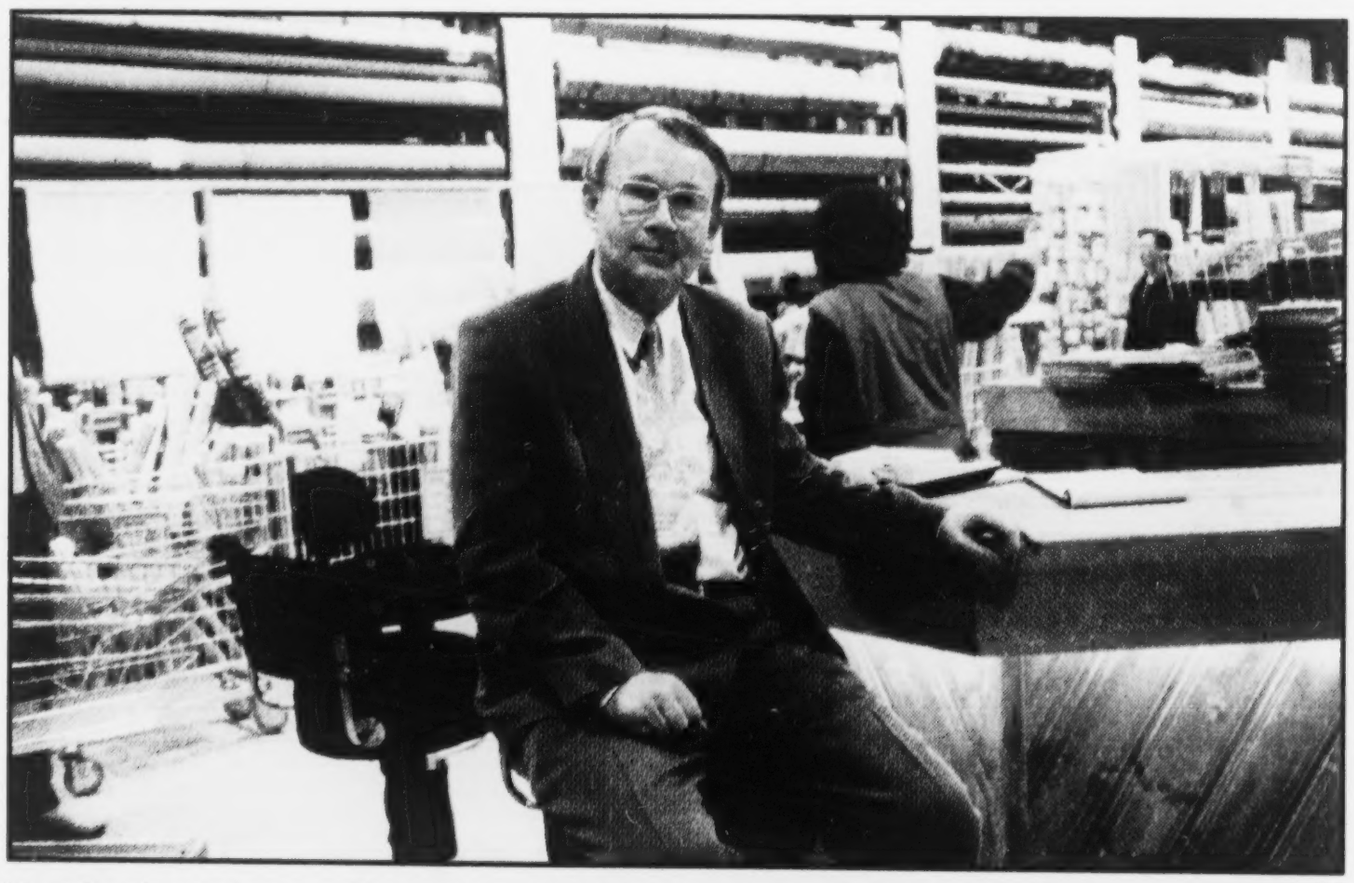
• Hornbach is a publicly-held, family-run company based in the Palinate area near the French border. Long a dominant regional player in the south, the company now plans to become a national chain with large, 135,000-square-foot stores located throughout both western and eastern Germany.

• Germany's largest home center, a 165,000-square-foot unit in Zweibrücken, was opened by Globus, a food distribution company that entered the home improvement industry 10 years ago and now operates 17 DIY outlets.

• Göetzen expanded aggressively into the new eastern states and increased sales by 160 percent to 604 million Deutsch Marks ($369 million).

OBI, Germany's largest home center chain, operates a national network of franchises and is using the same approach to move into the five new states and Italy.

Praktiker is owned by the distribution giant Asko and operates stores that average almost 40,000 square feet in size, although its latest prototype is about 60,000 square feet.



Hornbach chairman, Otmar Hornbach, in the company's 135,000-square-foot eastern Berlin store, which, like most outlets in the five new German states, is producing record-breaking results.

Another sluggish year

But leaders expand at home and abroad

Home improvement retailers in France have two big problems: Their market isn't growing, and its largest player is buying everything it can get its hands on.

The 123-unit Castorama, with sales last year of 10.4 billion French Francs ($1.9 billion), alone captures more than 16 percent of this country's retail home improvement sales and generates more than double the revenues of its nearest competitor, the 55-unit Leroy Merlin.

Estimates of the French retail home improvement market range from 60 to 80 billion French Francs ($11-to-$14.5 bilion).

In 1991, Castorama solidified and expanded upon its market share when it purchased the Briker chain, with 17 stores and around 900 million FF ($164 million) in sales.

More recently, it acquired about seven large stores from Bricorama, which sold off its smaller stores to another chain, Bourrelier.

It also chose to relinquish control of its joint ownership, with Belgium's GIB Group, of more than 40 OBI stores in France. OBI's stores were deemed by Castorama to be too small in square footage.

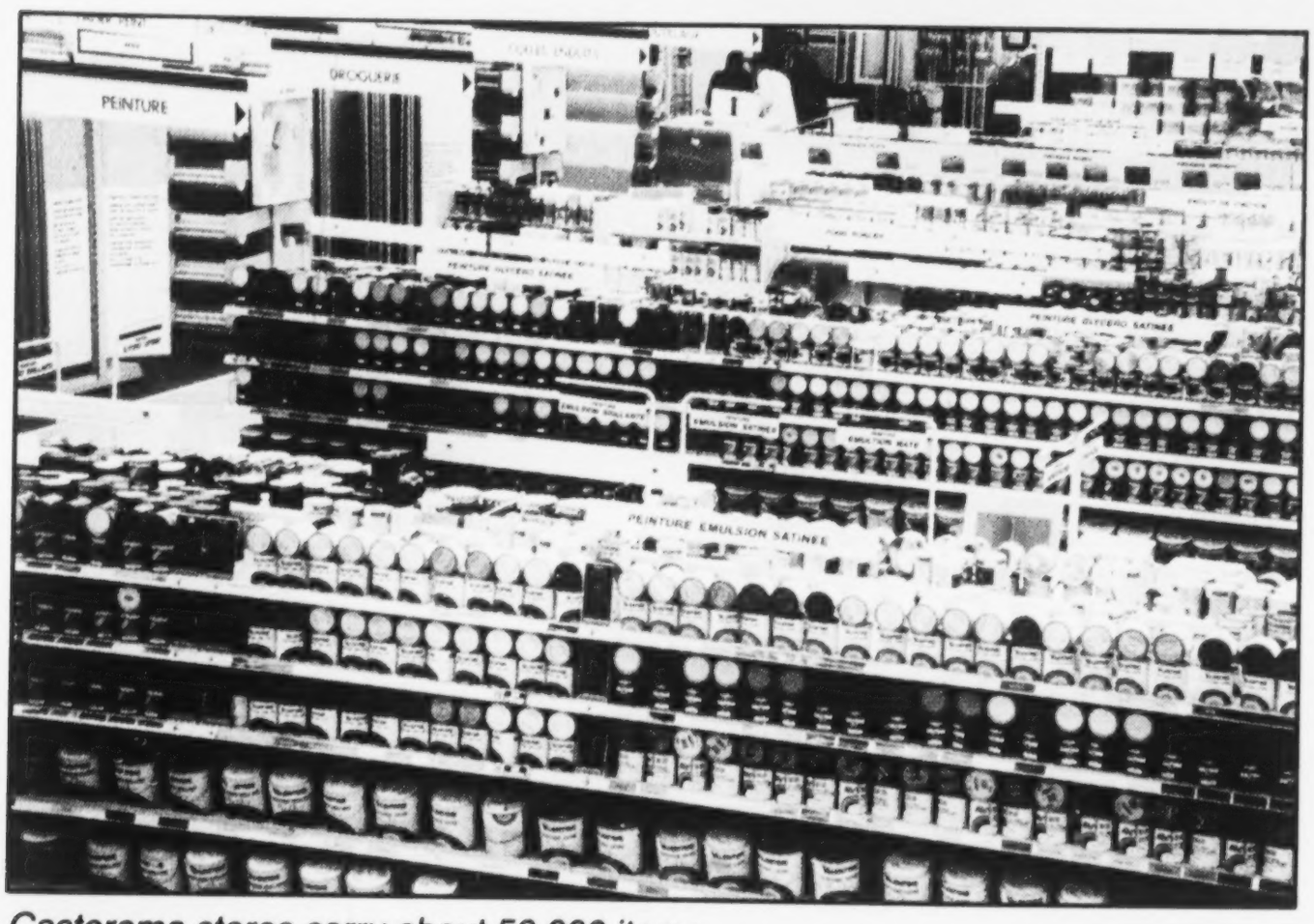
Indeed, Castorama and Leroy Merlin dominate the French home improvement landscape primarily because they operate huge, 100,000-square-foot plus units in what is generally considered to be a "big store" market.

These kinds of stores are amenable to a changing consumer who expects home centers to be well merchandised and displayed, and staffed with professional, knowledgeable employees who can serve as "idea" consultants.

However, the store format these companies use also puts them in a bind with the government, which restricts expansion severely through legislation designed to protect smaller independents.

For this reason, and because of the maturity of the market, France's home improvement retailers are looking for growth outside the country.

Leroy Merlin, for example, has chosen Spain as its latest battleground, having opened a store in Legañès near Madrid and in Alboraya near Valencia. Mr. Bricolage, part of the



Castorama stores carry about 50,000 items.

FRANCE: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Francs	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Castorama**, Templemars	**10,400**	**1,892**	1,610	**18**	**123**[1]	98[1]	**81,000**	65,900	**50,000**	50,000	**11,000**
2	**Leroy Merlin**, Villeneuve d'Ascq	**5,000**	**910**	891	**2**	**55**[2]	54[2]	**69,120**	64,560	**65,000**	65,000	—
3	**A.N.P.F.**[3], Ingre	**3,000**	**546**	437	**25**	**300**	250	—[4]		**25,000**	25,000	**3,500**
4	**BCM Bricomarche**, Paris	**2,200**	**400**	364	**10**	**240**	217	**12,960**	12,900	**12,500**	12,500	—
5	**Euroloisirs**, Bondoufle	**1,300**	**236**	255	**– 7**	**47**	50	—[5]		**40,000**	40,000	—
6	**OBI**[6], Lesquin	**1,163**	**212**	233	**– 9**	**44**	**50**	**32,000***	65,000*	**30,000**	30,000	—
7	**FCD**[7], Le Pontet	**1,043**	**190**	181	**5**	**49**	48	—[8]		**35,000**	32,000	—
8	**BHV**, Paris	**1,000**	**182**	182	**0**	**19**	19	**44,280**	44,280	**45,000**	45,000	—
9	**Bourrelier**[9], Ivry-sur-Seine	**800**	**146**	109	**34**	**28**	15[1]	—[10]		**25,000**	20,000	—
10	**Bricosphère**, Clermont	**500**	**91**	82	**11**	**69**	65	**11,880**	9,220	**12,000**	12,000	—

[1]1991: Includes two stores in Italy; 1990: Includes one store in Italy.
[2]Includes one store in Spain.
[3]Includes Mr. Bricolage, Bricotruc and Amazonia.
[4]Mr. Bricolage: 12,960-27,000 square feet; Bricotruc: 4,320-8,640; Amazonia: 27,000.
[5]Euroloisirs Bricorama—12,960-86,400 square feet.
[6]1990: Part of Castorama. 1991: Ownership is GIB Group, Belgium
[7]Includes Bricaillerie, Bricofrance.
[8]Bricaillerie: 25,380 square feet; Bricofrance: 12,420.
[9]Includes Batkor, IDF Bricolage and Pictoral.
[10]Baktor: 29,160; IDF Bricolage: 8,640; Pictoral: 27,000.
**NHCN* estimate.

Source: *NHCN* survey of companies
$1 U.S. = 5.4988 French Francs
NHCN chart

A.N.P.F. group, put its first foreign store in Lisbon, Portugal, last September. Bricosphere, France's tenth largest retailer, continues its expansion into Belgium, where it already has 10 units.

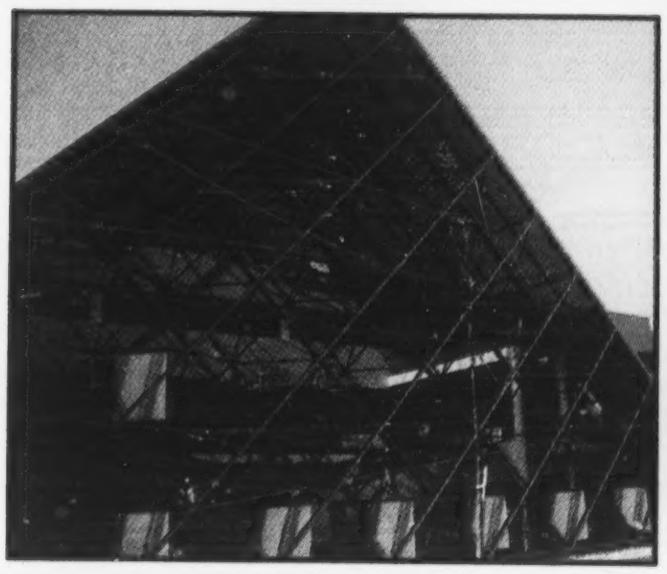
More recently, Castorama moved into Germany with an 86,000-square-foot unit near Cologne. The store, in Castrop Rauxel, includes a 43,000-square-foot outside selling area for building materials and garden products. Castorama also covets more market share in Italy, where it has two stores.

While the majors in France battle over a market that hasn't grown in more than two years, it would appear that the independents would be left with the crumbs. However, one industry analyst points to the development of wholesale distributors and regional service groups that are set up to help independents survive.

For example, Bricopro was taken over by Cofaq, a wholesaler. The Baktor and IDF Bricolage chains and some Pictoral stores have banded together under the umbrella group known as Bourrelier, which also took over three Projet stores last year. Other Pictoral units have joined forces wtih Bricaillerie, Bricofranc, and Le Flèche to form the Franchise Concept Développement group.

The vast assortment at Castorama is decorator-oriented.

Leroy Merlin stores combine category dominance with aggressive use of color to achieve the completeness of a U.S. warehouse store, but with merchandising refinement.

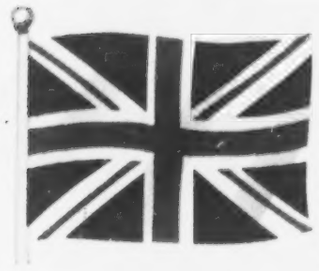


Paris stores of Castorama and Leroy Merlin, the market leaders.

Displays at Leroy Merlin suggest assortment, style and promotional pricing—all at the same time.

The game becomes serious

Sluggish economy, battling chains combine to diminish margins



The U.K. market is about to change.

Great Britain's retail arena has long been dominated by the largest home center chains. The three leaders—B&Q, Texas and Do It All—collectively control about one-third of the market, which Verdict Research estimated at 7.9 billion Pounds ($13.8 billion).

Retailers have enjoyed high margins that, until now, were well protected by limited competition.

But the softer economy and the natural limitation of a market—where over 950 superstores already serve a population of about 57 million—mean that future growth will come from market share gained at the expense of rivals.

Presently, this circumstance is producing bruising price wars. More importantly, there is evidence that these wars are just the beginning of a structural change in the market.

Margins may permanently soften and money will be made instead from increased store revenues.

To reposition themselves for this changing market, leading chains are differentiating themselves from the competition and targeting new customer segments.

Some chains are courting serious DIYers and remodelers who traditionally shop at builders merchant outlets. Others want to draw customers away from decor specialty outlets:

- B&Q plans to have 25 warehouse stores operating by the end of 1992. Called B&Q Depot, these stores are a strategic attempt to remain the dominant player in the U.K. and to preempt potential U.S. warehouse entries.

B&Q hopes the new format will impress current shoppers and also appeal to contractors with an emphasis on service, selection and price.

At 70,000 square feet, the Depot stores are about twice the size of a traditional B&Q. Company executives are betting that the stores will also produce twice the revenue. Depot stores are manned by about twice the number of employees as other B&Q outlets and carry an additional 10,000 items;

- Texas Homecare strengthened its position at the "softer" end of the market with more furniture, kitchens and home furnishings, and increased its promotional stance. The company reported a record 20 percent increase in profit;

Jim Hodkinson, managing director of B&Q, in a store recently remodeled into a B&Q Depot, which is a warehouse-type format intended to increase productivity and protect the chain's dominant U.K. market position.

UNITED KINGDOM: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Pounds	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**B&Q plc,**[1] Southampton	1,028	1,817	1,599	14	280	280	39,000	39,000	25,000	20,000	14,900
2	**Texas Homecare,**[1] Wellingborough	653	1,153	990	16	229	230	33,188	32,609	35,000	35,000	11,600
3	**Do-It-All,**[1] West Midlands ***A.G. Stanley***	408 130	721 230	762 233	– 5 – 2	234 412	234 432	30,000 3,200	30,000 3,100	— 10,000	— 10,000	7,315 1,855
4	**Homebase,**[1] Surrey	257	454	396	15	64	61	34,500	30,000	—	—	4,060
5	**Great Mills,**[1] Bristol	186	329	323	2	90	90	32,000	31,000	18,000	18,000	3,200
6	**Wickes plc,** London	186	329	304	8	57	53	25,000	25,000	3,500	3,500	1,180
7	**Wilkinson** Carlton-in-Lindrick	128	226	213	6	93	86	6,278	6,009	22,000	19,000	3,745
8	**Leekes,** Pontyclun	43	77	74	4	3	3	120,000	120,000	40,000	40,000	420
9	**Focus DIY,** Manley	40	71	55	29	21	18	24,500	26,800	22,000	21,000	740
10	**Robert Dyas Ltd.,** Croydon	29	50	49	2	43	44	3,950	3,900	9,250	8,750	535

[1]Ownerships:
B&Q: Kingfisher
Texas Homecare: Ladbrooke
Do-It-All: W.H. Smith & Boots
Homebase: Sainsbury & GIB Group, Belgium
Great Mills: Ready Mix Concrete

Source: *NHCN* survey of companies
$1 U.S. = .5661 Pounds
NHCN chart

• Do It All launched nine new project-selling stores to attract the serious DIYer, but continued to have lackluster sales.

This joint venture between parents W. H. Smith and Boots has struggled to mesh operations, merchandise and personnel. But a recent restructuring brings more balance and an additional 24 million Pounds ($41.9 million) to convert stores to the new concept;

• Homebase, Britain's fourth largest home center, tested a single store in south London called Homebuild, targeting the small builder and serious DIYer;

• Wickes continues to successfully attract serious DIYers and professionals with its narrowly focused assortment. Its 57 stores, which produce an average of $256 in sales per square foot, are the most productive in the U.K. In addition, the company operates 18 stores in the Netherlands, 16 in Belgium and one in France.

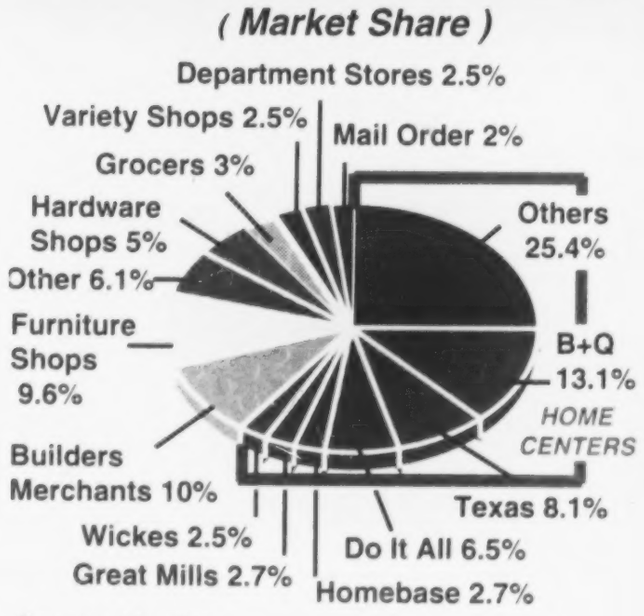
The company is planning to open six new U.K. stores this year, all of which will be the Wickes fourth generation prototype. About one-third of the prototype store is devoted to showroom displays of kitchen and bath, millwork and conservatories;

• Ready Mix Concrete, which operates Great Mills home centers, targeted the serious DIYer and professional with the launch of two BAY 6 stores. It has plans for a chain of 50.

The second largest U.K. chain, Texas, opened a home fashions specialty shop called Pretty Chic within some of its stores to further emphasize its focus on the softer part of the business.

UNITED KINGDOM
Retail Home Improvement Market Segmentation

(Market Share)



Source; Verdict

The United Kingdom home improvement market is highly consolidated. The top three chains together claim almost a 30 percent share of the market.

In its latest prototype, Wickes devotes about one-third of the store to showroom displays of kitchen and bath, millwork and conservatories.

Do It All plans to aggressively transform its stores into the project-oriented prototype shown here in Rugby, in the West Midlands.

BELGIUM

POPULATION 9,927,000

Limited expansion opportunity

Regulations control store size

Belgium is a small, but dense, $3 billion home improvement market, in which about 1,000 home center stores and thousands of specialty outlets serve a population of 10 million.

Home centers generate about half of the market's volume, or $1.5 billion. This segment is dominated by Brico, which has captured a 25 percent market share with its roughly 100 stores.

About 62 percent of DIY sales are generated in Flanders, the Flemish-speaking North, according to published reports. This area is virtually saturated with stores. The southern, French-speaking region, known as Wallonia, is poorer and accounts for 28 percent of sales. It also offers more opportunity for expansion.

The area around Brussel produces roughly 10 percent of DIY sales.

The country's international instincts are strengthened by having Brussels as the capital of the European Community. This international aspect is reflected in Belgium's retail home improvement industry.

Several of Belgium's largest home center operators are based in other nations. For example, Wickes is a U.K. organization; Gamma, Hubo and Formido are from the neighboring Netherlands.

In contrast, Brico is part of an organization, the GIB Group, that holds interests in home centers in France, Spain, Portugal, the U.K. and the U.S.

Part of Brico's strength is derived from its international perspective, which informs the chain about the latest industry trends and also provides economy of scale buying opportunities.

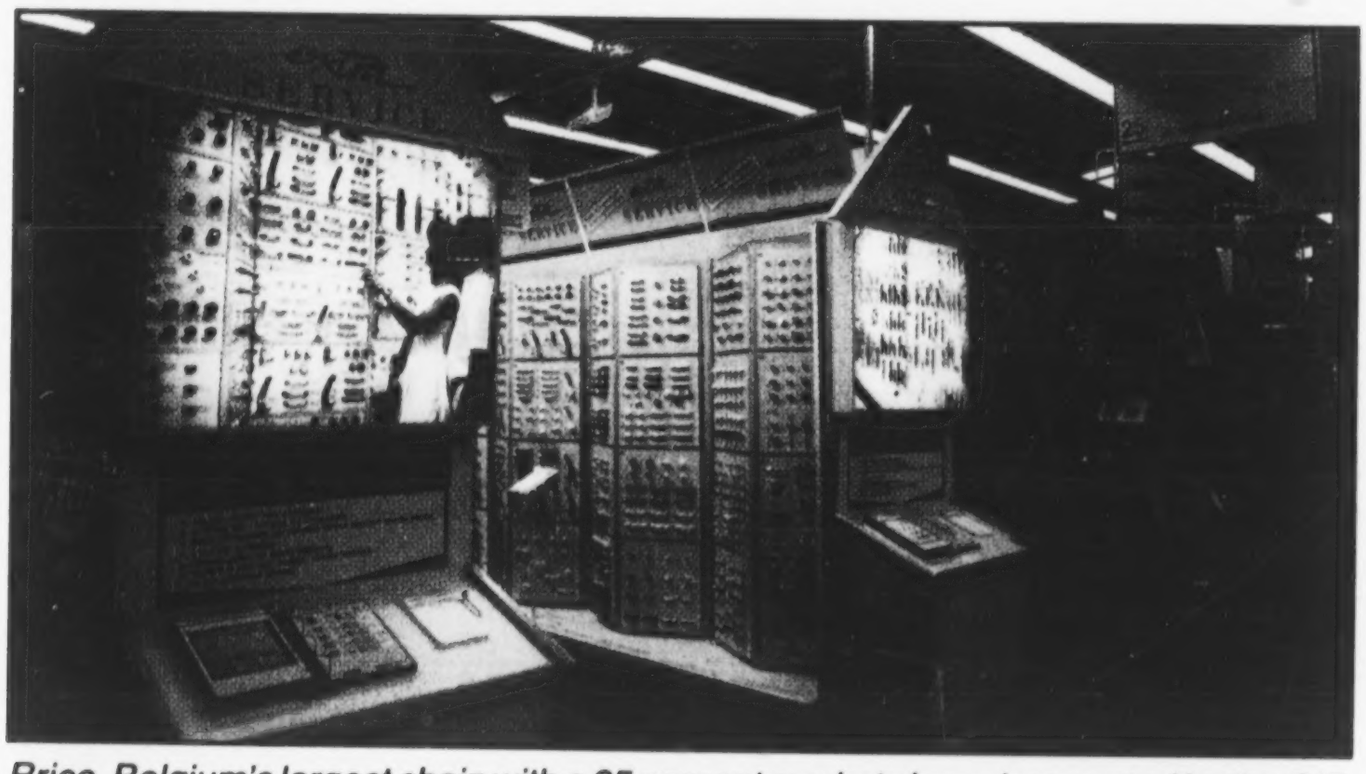
At least one home center operator is concerned that, despite the apparent saturation of the Belgium market, more competitors from abroad may be tempted to enter.

Officials from Bricoman, which operates relatively large stores of about 70,000 square feet, believe that during the next decade the market will fracture into two types of home centers: stores that offer convenience and those that offer dominant assortment for destination shopping.

Currently, government regulations make it difficult to open the latter kind of store. However, if those restrictions are relaxed, and with the integration of Europe, opportunities may become available.

In this new deregulated environment, Belgium might become attractive to a big-store chain like France's Castorama.

Bricoman would prefer that it serve Belgium with its big stores. The company, which is owned by a larger distribution conglomerate, Louis Delahaize, would like to have 15 to 18 of them within five years.



Brico, Belgium's largest chain with a 25 percent market share, is operated by the GIB Group of GB-Inno-BM, which also holds interests in the United States (Handy Andy, 65 percent; Central Hardware, 29 percent; Scotty's, 100 percent); France (Obi, 100 percent); the United Kingdom (Homebase, 25 percent); and Spain (AKI, 50.5 percent); and Portugal (AKI, 55 percent).

BELGIUM: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Francs	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Brico G.B.**, Brussels	12,790	384	345	11	96[1]	96[1]	30,000	30,000	30,000	35,000	1,465
2	**Wickes**[2], London	2,580[3]	77	74	4	16	16	20,000	—	—	—	—
3	**Gamma België**[4], Antwerp	2,260[5]	68	49	39	27	23	13,000	12,000	—	—	—
4	**Bricoman**, Chatelinean	1,400	42	38	11	4	3	66,700	59,300	45,000	40,000	190
5	**Hubo/Formido**[6], Brussels	1,000	30	—	—	32	11	—[7]*		15,000	17,000	—
6	**Superbois**	1,000*	30	—	—	8	—	10,800*	—	—	—	190
7	**Bricosphere**	800*	24	—	—	17	—	14,040*	—	—	—	90

[1]Includes 55 franchises
[2]Ownership: Wickes, United Kingdom
[3]37 mil. British Pounds
[4]Ownership: Intergamma, Netherlands
[5]126 mil. Guilders
[6]Ownership: B.V. Houthandel, Netherlands
[7]Range for 1990 & 1991: 5,550-13,000
NHCN estimate

Source: *NHCN* survey of companies
$1 U.S. = 33.42 Belgian Francs
NHCN chart

Consolidation continues

Productivity gains needed

The Netherlands is a mature and consolidated market faced with an urgent need for increased store productivity.

Until now, leading retailers achieved great success with formats that are increasingly similar.

That situation was acceptable because sales growth could be gained through expansion or acquisition. Those circumstances are changing.

With 423 home centers already serving 15 million inhabitants, according to A.C. Nielsen, some argue that the country is only a couple of years away from saturation.

At the same time, consolidation has greatly limited the acquisition route to growth.

The largest home center, Gamma, operates 99 stores that are owned by 27 franchisers. Gamma has a 17 percent share of the Dutch market.

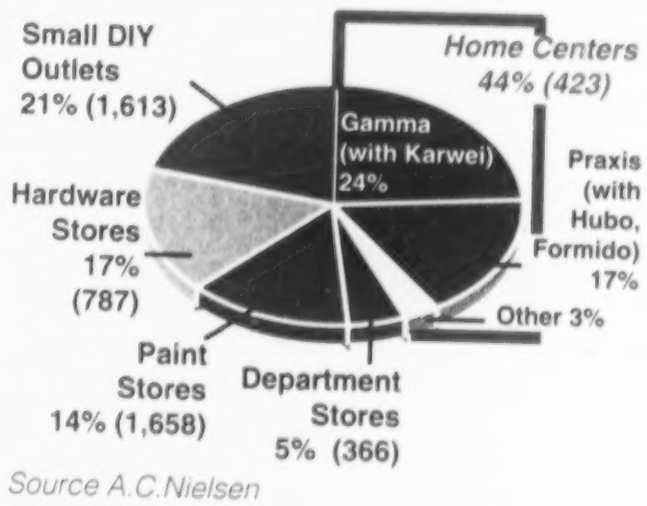
In January, Gamma's corporate parent, Intergamma, purchased a Dutch chain called Karwei. Gamma and Karwei together control about a quarter of the Dutch home improvement market.

The second largest Dutch home center, Praxis, is also attempting to gain greater market share through acquisition and increased store productivity.

Praxis is owned by a company called PFH, which a year ago bought two other Dutch home centers, Formido and Hubo. The three chains together own 16 to 17 percent of the Dutch market.

NETHERLANDS
Retail Home Improvement Market Segmentation

Total Market 5,063bil Guilders–
$2.77bil– (4,847 Stores)



Source A.C.Nielsen

Virtually the entire home center segment of the market is controlled by the leading two chains: Gamma, with its recent acquisition of Karwei, and Praxis,including its Formido and Hubo holdings. (Because of rounding market share portions total more than 100 percent)

Both Gamma and Praxis are now looking beyond acquisition to new store formats that are designed to improve sales productivity.

Gamma recently inaugurated a store redesign program in Gouda, which it will implement in all its stores during the next several years.

The new format is intended to increase sales by making shopping easier and, therefore, leaving customers with extra time to purchase more items.

This ease of shopping will be accomplished with a new store layout designed to allow the shopper to quickly see all departments.

In contrast to existing stores, the Gouda unit is wider than it is deep. Two power aisles cross in the center of the store where the customer service booth is located.

Merchandise will not change fundamentally, although the number of items may increase by 5 to 7 percent.

Early results have been encouraging, according to J.F. van Dulst, director, who said that sales are up by 20 percent.

While Gamma came from a lumber and building materials background, Praxis, which is owned by KBB, one of the country's leading retailers, is more decorator-oriented. Its new director, J.P. Karelse, views 1992 as a year of testing, as he looks for ways "to enrich the formula and to personalize mass merchandising."

It's likely that he will eventually make fundamental changes, like increasing the density of product assortment.

If there's good news for Dutch home improvement retailers, it's that the same circumstances that challenge their own growth should also discourage foreign competition.

THE NETHERLANDS: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Guilders	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Gamma**[1], Bunschoten	**867**	**474**	437	**9**	**99**	93	**19,115**	18,900	**13,500**	11,000	**2,265**
	Karwei	**230**	**126**	109	**16**	**57**	55	**15,600**	15,600	**13,000**	13,000	—
2	**Praxis**[1], Diemen	**455**	**249**	261	**– 5**	**62**	58	**22,000**	22,000	**15,000**	15,000	**765**
	B.V. Houthandel, Utrecht	**307**	**168**	160	**5**	**218**	225	—	—	—	—	—
	Formido[2],	**182**	**103**	85	**18**	**60**	57	**14,700**	14,700	—	—	—
	Hubo[2]	**125**	**68**	75	**9**	**158**	168	**3,300**	3,300	—	—	—
3	**B&B Boerenbond**[3], Veghel	**189***	**103**	119*	**13**	**42**	42	**10,800**	10,800	—	—	**252**
4	**Wickes**[1], London	**132**[4]	**72**	69	**4**	**18**	18	**20,000**	—	—	—	—
5	**Superdoe**[1], Utrecht	**98***	**54**	46*	**17**	**14**	12	**35,429**	29,679	—	—	**302**
6	**Bouwvaria**[5], Weesp	**96***	**52**	50*	**4**	**24**	23	**16,200**	16,200	**16,000**	16,000	**250**
7	**Big Boss**, Barneveld	**95***	**52**	47*	**11**	**25**	23	**16,200**	16,200	—	—	—

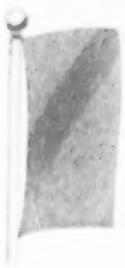
1. Ownerships:
Gamma: Inter-Gamma, Netherlands
Praxis: PFH Division KBB, Netherlands
Wickes: Wickes, United Kingdom
Superdoe: Vendex International, Netherlands
2. Includes franchises
3. A.K.A. Cehave
4. 41 British Pounds
5. DIY/Farm mix

*NHCN estimate

Source: *NHCN* survey of companies
$1 U.S. = 1.829 Guilders
NHCN chart

Small shops face chain challenge

From Italian, French and German firms



Italy is a land of new home improvement retailing opportunity.

Its inhabitants, even in the relatively wealthy north, mostly prefer spending their money at small shops rather than at mass merchant outlets.

As in Spain, however, there are several home center entries from other European nations trying to persuade the Italian public to change its shopping habits.

And unlike Spain, there are also local chains with big-time ambition. In fact, the country's largest chain is Milan-based Brico Center, which grew 22 percent last year with sales of 135 billion Lira ($110 million) from 31 stores. Brico Center is owned by the Italian distribution giant Rinacente.

Its smaller Italian competitors, with lower sales bases, grew even more dramatically in 1991. Eight-store Mister Brico and Brico Io, with 10 stores, grew in sales by 110 percent and 80 percent, respectively.

These kinds of results obviously appeal to Europe's more experienced Home Improvement retailers. France's Castorama entered Italy in 1989; OBI arrived last year. And there are persistent rumors that Leroy Merlin, Castorama's chief rival in France, is also looking at Italy.

As Castorama and OBI introduce French and German retailing, they're also making modifications to accommodate cultural differences. When the first Castorama opened, in Paderno (Milan), most of the selection was French. It is now reportedly 90 percent Italian.

Castorama has since opened a second Milan store in Bergamo and plans a third in Bollate during the summer of 1992. Another Milan store is planned for 1993, as well as the company's first venture into another area of northern Italy.

As Castorama has modified its approach to suit the market, shoppers have gradually become acclimated to its big stores. In fact, the Bollate store is expected to be the largest home center in Italy with 40,000 items displayed in 60,000 square feet of inside sales space and 25,000 square feet of garden area.

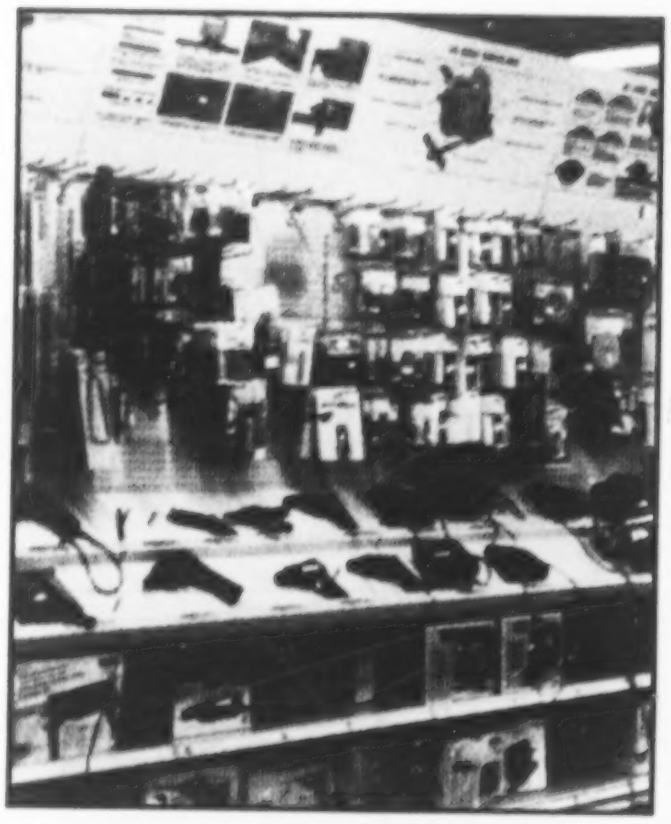
The company continues to move cautiously and expects to have eight to ten stores within the next five years.

In the meantime, OBI is also easing its way into Italy with stores that are scaled down considerably from its German outlets, which range from 46,000 to 75,000 square feet.

The company entered Italy in June 1991, with a 32,500-square-foot store near Pisa. It subsequently opened a 19,375-square-foot store near Bologna.

Characteristically for OBI, this expansion was based on a franchise partnership, in this case with a company called Gestione Bricolage Superal.

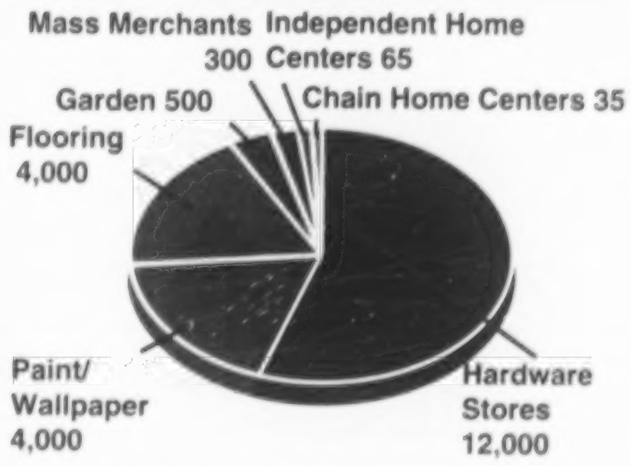
The Italian OBI stores are called Super Hobby. The company expects to open eight to ten in the next two years.



Brico Center, which opened its first stores only a few years ago, ended 1991 as Italy's largest chain with sales of $110 million from 31 outlets.

ITALY
Retail Home Improvement Market Segmentation

(Stores)



Source: 1989 EDI Publicata.

Italy is still a fragmented market where most home improvement purchases are made in small shops.

ITALY: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Lira	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Brico Center**, Milan[1]	**$1,350**	**110**	90	**22**	**31**	19	**27,000**	27,540	**16,000**	15,000	**430**
2	**Mister Brico**, Milan[2]	**280**	**23**	11	**110**	**8**	6	**40,000**	40,000	—	—	**61**
3	**Castorama**, Milan[3]	**247**	**20**	11	**82**	**2**	1	**49,680**	45,360	—	—	**140**
4	**Brico Io**, Milan	**155**	**13**	7	**80**	**10**	5	**12,000**	10,000	**14,000**	14,000	**27**
5	**Super Hobby**,[4] Prato	**73***	**6***	0	—	**3**	0	**27,000**	—	**20,000**	—	—

[1]17 direct stores and 14 franchises in 1991; 14 direct stores and 5 franchises in 1990
[2]4 stores and 4 franchises in 1991; 3 stores and 3 franchises in 1990.
[3]Ownership: Castorama, France
[4]Ownership: OBI, Germany
**NHCN* estimate

Source: *NHCN* survey of companies
$1 U.S. = 1224 Lira
NHCN chart

Foreign chains dominate

From Belgium, France, Germany and the U.K.

In just four years, the DIY market in Spain has exploded.

Consumers are discovering categories like lawn and garden and home storage, and they're learning to use leisure time to make home improvements.

Education about upgrading one's home is coming primarily from chains that entered Spain over the past few years from other European countries.

AKI, which is 50.5-percent owned by Belgium's GIB Group, opened here in 1988. A year later, Bauhaus, the German chain, entered Spain with a unit in Barcelona. France's Leroy Merlin opened in Madrid.

Last year, Texas Homecare, from the U.K., opened stores it calls Hiperhogar.

While these companies have expanded throughout Spain, the southern part of the country proved particularly attractive because it is a prime European tourist area. Along La Costa del Sol, Texas Homecare posted record demand for ceiling fans in January!

Consumers aren't the only ones being educated. Suddenly faced with chain competition, traditional hardware stores and small specialty shops are modernizing. And mass merchants are expanding their DIY offerings.

Jean-Marie Christiaens, chief executive of AKI, said this development has resulted in stronger competition today from the hypermarkets than from other home improvement chains.

Nevertheless, AKI eventually expects to post sales of $80 million from as many as 12 stores.

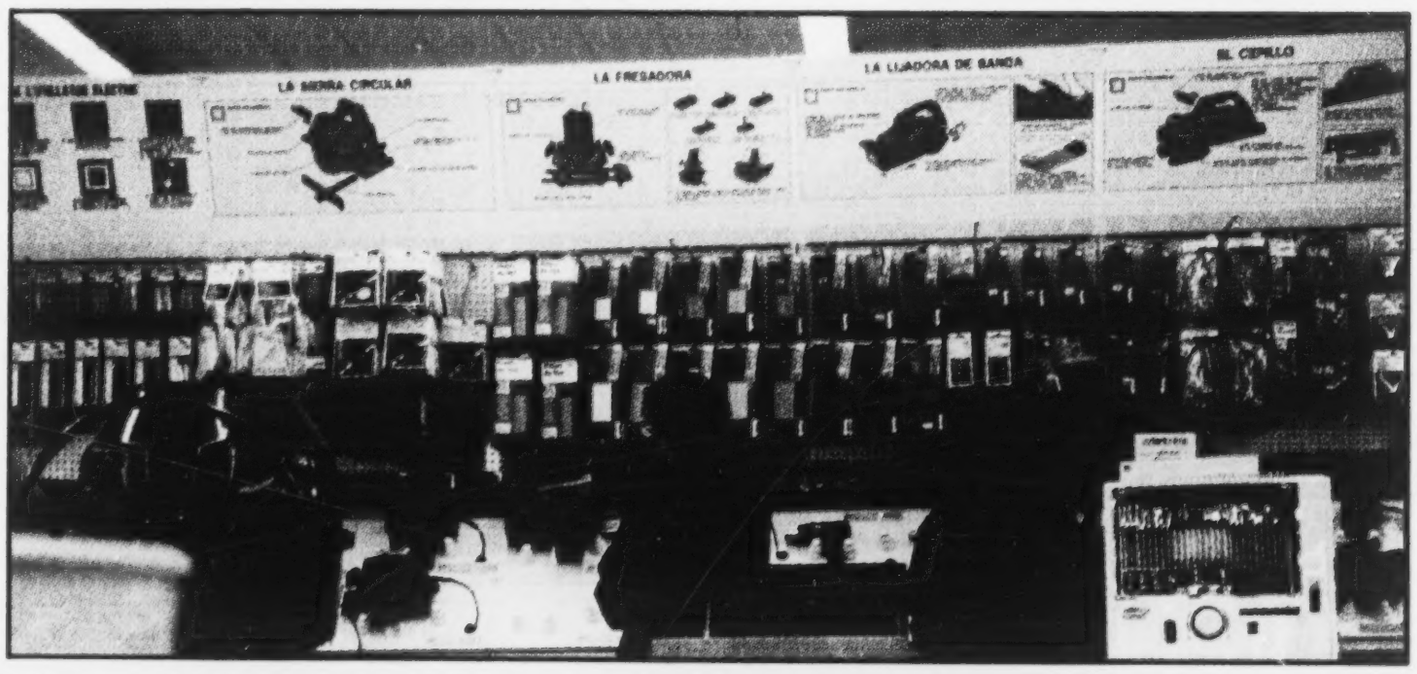
Texas plans to have eight stores open by year-end, while Leroy Merlin plans to open four.

Bauhaus, which opened two Spanish stores three years ago, seems to be pursuing the market less aggressively. Opportunities in eastern Germany and in East Europe may have shifted the chain's expansion priorities.

The Spanish home improvement market is still in its formative stages and chains are experimenting with merchandise. An increase in shoppers is prompting AKI to bring in more soft goods.

Products which AKI believes will transfer well from Europe and America are in the areas of recycling, water filtration and lumber.

Germany's Bauhaus opened its first Spanish store in 1989, in Barcelona.



AKI, which is 50.5 percent owned by Belgium's GIB Group, was the first chain entry into Spain in 1988.

SPAIN: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Pesetas	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**AKI/Bricolage**, Barcelona[1]	**5,000**	**49***	36	**36**	**7**	6	**45,000**	45,000	**18,000**	18,000	**445**
2	**Bauhaus (Hagalo S.A.)**, Barcelona[2]	—	—	12	—	**2**	2	**64,580**	64,580	**25,000**	25,000	—
3	**Hiperhogar[3]**, Madrid	—	—	0	—	**3**	0	**37,800**	37,800	**40,000**	40,000	—
4	**Leroy Merlin[4]**, Madrid	—	—	—	—	**2**	1	**54,000**	54,000	—	—	—

[1]Ownership: 50.5% GIB Group, Belgium
[2]Ownership: Bauhaus, Germany
[3]Ownership: Texas Homecare, United Kingdom
[4]Ownership: Leroy Merlin, France
**NHCN* estimate

Source: *NHCN* survey of companies
$1 U.S. = 102.10 Pesetas
NHCN chart

Chains expand nationally

Also target Hungary, Czechoslovakia

Some recent key events involving the Austrian market took place outside its borders, in neighboring Czechoslovakia and Hungary.

Last February, bauMax, the largest Austrian DIY chain, opened its first store outside that country, in Prague, the capital of Czechoslovakia. Just six weeks later, on April 1, the company moved into Hungary with the acquisition of a store in Kecskemet, a city about 135 miles south of Budapest.

By fall, bauMax expects to remodel its Hungarian store into 30,000 square feet of selling area organized according to the company's bauMax 2000 prototype, which incorporates wider aisles, expanded assortment and current retail technology.

BauMax already owns about 12 percent of the Austrian market, which is estimated to total 25 billion Austrian Shillings ($2.2 billion). All the Austrian home centers together account for perhaps 35 percent of the market.

While the market is becoming crowded, there is still some room for expansion. The population of 7.7 million is served by around 240 large stores with about 5 million square feet of total sales space, according to *DIY in Europe*, a German publication.

BauMax plans to grow from 50 to 70 stores within Austria in the next three to five years. Simultaneously, the company, which was established in 1976, is remodeling existing stores according to its bauMax 2000 prototype.

But the most remarkable Austrian home improvement industry growth may take place around the country's borders. With the demise of Communism in Eastern Europe, Austria is perfectly positioned to introduce its neighbors to Western-style shopping.

Austria's opportunity is further enhanced because Germany, its key potential competitor for Eastern growth, is preoccupied with developing its own five new states.

BauMax is set to open a second Czechoslovakian store this year in Bratislava. Another Hungarian store is planned for 1993, on the outskirts of Budapest in a location called Budapark Mall. This store is expected to be 50,000 square feet, including a garden center.

The company is planning 15 Hungarian stores within four years and 30 by the end of the decade. The expansion plans for Czechoslovakia are similar.

Following 45 years of Communism, the demand for quality home improvement products in Eastern Europe should be great. Whether people can afford them is another question.

Early results suggest that bauMax and other operators moving eastward are moving in the right direction. The bauMax Prague store, which carries 15,000 items in 35,000 square feet, is expected to produce about $7 million in annual sales.

While this performance does not match the extraordinary results that western German companies experienced in eastern Germany, the volume at least equals that of a comparable outlet in Austria.

Austria's largest chain, bauMax, is also expanding into Hungary and Czechoslovakia.

Austria: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 Schillings	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Baumax**, Klosterneuburg	**3,000**	**$263**	228	**15**	**50**	46	**32,400**	31,300	**25,000**	25,000	**1,000**
2	**Bauwelt**, Vienna	**1,800**	**153**	131	**17**	**52**	46	**21,600**	18,360	**40,000**	40,000	—
3	**Bauhaus**, Wels	**1,600**	**140**	131	**7**	**21**	20	**29,000**	28,500	**25,000**	25,000	—
4	**Bauprofi**, Vienna	**1,400**	**119**	105	**13**	**38**	38	**27,000**	27,000	**20,000**	20,000	**800**
5	**Öbau**, Leoben	**1,179**	**103**	92	**12**	**19**	19	**25,000**	25,000	**13,000**	13,000	**1,115**
6	**Bautreff**, Linz	**900**	**79**	74	**7**	**15**	13	**29,200**	29,200	**55,000**	40,000	—

Source: *NHCN* survey of companies
$1 U.S. = 11.42 Austrian Schillings
NHCN chart

POPULATION 123,850,000

Retailers prepare to change

With the success of Toys 'R Us, larger stores are on the horizon

Japan, Asia's largest home improvement market, is at a crossroad.

While its industry, comprised of 2,020 home center-type retailers, enjoyed annual growth of 15 percent to 2.5 trillion Yen in 1991 (about $19 billion), new competition in a slowing economy is threatening the status quo.

Powerful new companies with quasi-governmental backing are entering the market, according to Hiroshi Maniwa, chairman of international activities of the Japan DIY Association.

Conglomerates in such industries as tobacco and rail transportation have been hurt by economic changes and are looking for new ventures. According to Maniwa, these companies are joining forces with entrepreneurs and are using government funding to open as many as 20 supersized DIY stores by the end of 1993.

The typical home center-style store in Japan averages around 500 *tsubos* (a *tsubo* equals about 36 square feet, so these stores would be around 18,000 square feet). These superstores will range to 1,200 *tsubos*, or around 43,000 square feet. And their appearance is pushing older retailers to open stores in the 600- to 700-*tsubo* range (25,000 square feet).

It is, perhaps, more than coincidence that the planned opening of much larger home centers here follows the entry into Japan of Toys 'R Us, the American-based toy retailer, which opened its first outlet in Tokyo in the first quarter of this year.

These new competitors will help define a market where home centers still don't have a corner on consumers' DIY purchases. Only within the last decade have home improvement products, traditionally found in department stores and mass merchants, been found in separate units that specialize in home improvement.

Meanwhile, new competition and a slow economy are forcing traditional Japanese DIY retailers to take a hard look at their merchandise mixes.

Changes are anticipated. But, for a variety of cultural and economic reasons, Japanese home centers may remain distinct from those in the West. For example:

- The merchandise focus is generally not on remodeling categories like lumber and building materials because of the relatively small size of Japanese homes and the nature of construction materials;
- A lot of hobby and craft items are found in Japanese stores, reflecting a cultural attitude that sees DIY not as a project-oriented means to an end, but as a process and a source of pleasure;
- Finally, stores often offer pet food, clothing, automotives, small electronics, toys and other items associated with general merchandise stores, because the Japanese retail market is not particularly segmented.

Japanese home centers usually are relatively small and carry a wide assortment of non-home improvement items such as housewares, clothing and toys.

JAPAN: Retail Market Leaders

Rank 1991	Company	Sales[1] (Mil.) 1990 Yen	$U.S.	Sales 1989 ($U.S. Mil.)	% Change 1989-1990	Stores 1990	1989	Showroom sq. ft. Store avg. 1990	1989	SKUs Store avg. 1990	1989	Employees[2] 1990
1	**VivaHome**, Ageo City	**92,000**	**692**	566	**22**	**50**	42	**12,400**	11,900	—	—	**1,230**
2	**Keiyo**, Chiba City	**87,600**	**659**	521	**26**	**62**	52	**16,100**	15,140	—	—	**1,900**
3	**Kahma**, Kariya City	**84,900**	**639**	554	**15**	**51**	47	**18,300**	17,120	—	—	**1,445**
4	**Tokyu Hands**, Tokyo	**75,500**	**568**	434	**31**	**8**	7	**61,800**	57,200	—	—	**3,065**
5	**Cainz**, Isezaki City	**58,000**	**437**	422	**4**	**75**	75	**9,200**	9,000	—	—	**1,280**
6	**Nafuco**, Kita-Kyushu City	**55,000**	**414**	346	**20**	**66**	61	**17,400**	15,800	—	—	**2,660**
7	**Joyful Honda**, Tsuchiuna City	**45,000**	**339**	286	**19**	**7**	6	**21,800**	22,900	—	—	**785**
8	**Ishiguro Homa**, Sapporo City	**36,000**	**275**	249	**10**	**27**	24	**16,600**	16,000	—	—	**745**
9	**Shimachu**, Ohmiya City	**32,900**	**248**	199	**25**	**20**	19	**15,330**	14,150	—	—	**800**
10	**Do It**, Yono City	**32,200**	**242**	210	**15**	**20**	18	**22,800**	22,700	—	—	**1,185**

[1]Source: Diamond-Friedman, Toyko
[2]Includes part-time employees

Source: *NHCN* survey of companies
$1 U.S. = 132.86 Yen
NHCN chart

Leaders still expanding

But two-year recession makes growth difficult

Growth is always a challenge in Australia, with a population of only 17.3 million, about the same as Texas', clustered along the coasts of a country that's somewhat smaller than the United States.

For home improvement retailers in a consolidated industry, the challenge has been compounded in the past two years by a deep recession and accompanying high unemployment, slow home building and savings and loan failures in the state of Victoria.

The top four home center chains control almost a quarter of the DIY/ Building Material Market that is estimated at 12.5 billion to 20 billion Australian dollars, or between $9.9 billion and $15 billion in American currency.

The two leading companies, Mitre 10, a dealer-owned co-op, and BBC Hardware, continue to expand their market share. Mitre 10, through dealer recruitment, now has 641 stores and generated 1.642 billion Australian dollars ($1.259 billion) in 1991. BBC Hardware, through acquisition, has built itself into a 140-unit chain that generated 641 million Australian dollars ($492 million) last year.

Competition is becoming more intense as building slows. Timber merchants, for example, are now courting the DIYer as well as traditional professional customers. Discounters are promoting DIY items as loss leaders.

But companies are taking advantage of the economic slowdown to refocus their operations and prepare for an upturn:

- McEwans Holdings Ltd., the 90-unit retailer, switched to a project selling approach and increased its offering in building materials and paint last year;
- BBC Hardware will launch its first warehouse store, an 80,000-square-foot unit in Sydney, later this year, and has beefed up its lumber assortment.

Many dealers are importing direct from Asia, rather than buying through agents, to improve profitability.

In addition, retailers are engaged in scanning, quick response and EDI with their suppliers.

The recession has also caused consolidation among suppliers, particularly in the building materials field.

AUSTRALIA: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 $Australian	Sales (Mil.) 1991 $U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	Stores 1990	Showroom sq. ft. Store avg. 1991	Showroom sq. ft. Store avg. 1990	SKUs Store avg. 1991	SKUs Store avg. 1990	Employees 1991
1	**Mitre 10,** Melbourne	1,642	1,254	1,174	7	641	636	15,700	14,000	13,500	10,800	5,920
2	**BBC Hardware,** Sydney	641	489	392	25	140	121	27,000	25,000	18,000	15,000	2,942
3	**McEwans Hld. Ltd.,** Melbourne	395	301	293	3	90	90	16,500	16,500	10,000	10,000	3,800
4	**Bunnings Building Supplies,** Perth.	160	122	115	6	42	38	21,000	21,000	16,500	16,500	1,030
5	**Harcros Timber,** Sydney	40*	53*	51*	4	16	19	15,000	15,000	12,000	12,000	331

**NHCN estimate*

Source: *NHCN* survey of companies
$1 U.S. = 1.3098 Australia
NHCN chart

Dealer-owned co-ops serve retailers worldwide

Much of the retail world is served by dealer-owned distribution companies, known as cooperative wholesalers.

These cooperatives share many of the same concerns: providing dealer financing; supporting the predominantly independent members against chain competition; responding to industry consolidation; and finding innovative, cost-effective store designs and merchandise.

Business around much of the world was soft last year for these firms, which capture about 60 percent of their dealer-members' purchases.

The areas of greatest growth last year were in virgin markets like eastern Germany and eastern Europe.

In anticipation of a "borderless" Europe, there has been some cooperative consolidation.

Germany's Nurnberger Bund remains the world's largest cooperative, with 1991 sales of around $2.5 billion, and has acquired other German cooperatives to fuel its growth.

The German firm's growth is aimed squarely at the eastern part of the country, and there are concerns that Nurnberger Bund could begin marketing across international borders in the next year.

The body most involved in worldwide cooperative distribution is the informal Interlink group, consisting of senior officers of the world's hardware cooperatives.

Interlink members operate co-ops in Scandinavia, Europe and North America. A representative of a South African cooperative attended the Berlin Interlink meeting in March 1992.

The next meeting of the Interlink group is scheduled to take place in

NEW ZEALAND

POPULATION 3,483,000

Market reels from U.K. trade shift

Placemakers, Mitre 10 continue growth

The economy of this isolated country of 3.5 million inhabitants was transformed five years ago when it lost its favored nation trading status with the U.K.

Until then, New Zealand was protected from market forces as the U.K. bought its agricultural products at subsidized prices. That all changed in 1987, after England joined the European Economic Community (EEC), whose members required New Zealand to compete without special advantage.

Since then, unemployment in New Zealand has risen sharply to 10.7 percent, home building permits last year fell by 20 percent to 17,522 units and population growth became static.

Indeed, the size of the DIY Building Materials market dropped by half to an estimated 1.1 billion New Zealand dollars ($595 million) last year.

Yet the two national do-it-yourself companies, Mitre 10, a dealer-owned co-op, and Placemakers, continue to grow and control about 60 percent of the market.

Retailers Carter Holt Harvey and Benchmark control another 20 percent, but only have stores on North Island, where two-thirds of the population resides.

Today, Mitre 10's dealers operate 192 stores, and by offering members help with planogramming, store design, bar coding and computers, the co-op still achieves a strong annual growth rate (13 percent last year) in a market absent of real competition.

Placemakers, its closest competitor, is the retail arm of New Zealand's largest company, Fletcher Challenge Ltd., which is refocusing its attention on other industries.

Mitre 10, shown here, and Placemakers continue to grow, despite the tough economy.

NEW ZEALAND: Retail Market Leaders

Rank 1991	Company	Sales (Mil.) 1991 $N.Z.	$U.S.	Sales 1990 ($U.S. Mil.)	% Change 1990-1991	Stores 1991	1990	Showroom sq. ft. Store avg. 1991	1990	SKUs Store avg. 1991	1990	Employees 1991
1	**Placemakers**[1], Auckland	**400**	**217**	214	1	**59**	63	—	—	**15,000**	15,000	**1,360**
2	**Mitre 10**, Auckland	**375**	**205**	180	**13**	**192**	195	**5,051**	5,048	**23,000**	22,000	**1,500**
3	**John Edmond Ltd.**, Dinedin	**54**	**29**	27	**7**	**6**	6	**30,000**	30,000	**12,000**	14,000	**220**

[1]Ownership: Fletcher Merchants Ltd., Auckland

Source: *NHCN* survey of companies
$1 U.S. = $1.8399 New Zealand
NHCN chart

Chicago in August 1993.

Many of the world's largest co-op distributors are included in the chart that accompanies this story.

Co-ops at a Glance

North America

Ace Hardware Corp., Oak Brook, Ill.; Cotter & Company, Chicago; Hardware Wholesalers, Inc., Fort Wayne, Ind.; Home Hardware Stores Ltd., St. Jacobs, Ontario; Le Groupe Ro-Na, Inc., Boucherville, Quebec; Our Own Hardware, Burnsville, Minn.; ServiStar Corp., Butler, Pa.

Europe

CIFEC, Barcelona, Spain; D2, Glostrup, Denmark; E&H Einkauf und Lager AG, Winterthur, Switzerland; Home Hardware South West Ltd., Braunton, N. Devon, U.K.; Jarnia AB, Ulricehamn, Sweden; Jernia A/S, Oslo, Norway; Menouquin S.C., Bivelles, Belgium; Nurnberger Bund, Essen, Germany; Rautakontori OY, Helsinki, Finland; SAPEC, Clermont, France; Uniferro, Heerhugowaard, Netherlands

Australia/New Zealand

Mitre 10, Aukland, New Zealand; Mitre 10 (Australasia), Parramatia, NSW, Australia.

NHCN chart

Co-ops operate in many countries, such as New Zealand and Australia, where Mitre 10 is strong.

C5150-6

National
Home Center News

Vol. 18 No. 11 $5 a copy The Journal of News & Trends for Home Imrpovement Retailers, Co-op & Wholesalers Published by Lebhar Friedman Inc. June 8, 1992

***Home Depot's** 32-page, four-color circular touts 24-hour-a-day holiday weekend hours on the front page.* NHCN photo

Late Night with Home Depot

Keeps 6 N.J. stores opened round-the-clock during holiday weekend

by John Caulfield

PLAINFIELD, N.J. — Home Depot kicked off the summer by keeping its New Jersey stores open for 24 hours a day during the three-day Memorial Day weekend.

This may be the first time a retailer in this industry has kept its stores opened around-the-clock for more than a single day.

Most of Home Depot's warehouse units in the state were opened from 7 a.m. on Friday, May 22 through 6 p.m. May 25. (Its Paramus, N.J., unit did not open Sunday because of Blue Law shopping restrictions in Bergen County.) Normally, each store is open from 7 a.m. to 10 p.m. weekdays, 8 a.m. to 6 p.m. Sundays.

Home Depot's stores in New Jersey and New York are producing the heaviest per store sales for the chain, and its reason for keeping the stores here opened all night was "to spread the same number of customers out over the three days," said company spokesman Jerry Shields. "We did do more business, but that was not our primary intent."

Apparently it worked. While he declined to disclose weekend sales figures, Shields gave one example of a shopper who came into one of the stores at 3 a.m. and left two hours later with enough materials to build a deck.

This reporter paid a visit to the Old Bridge, N.J., Home Depot on Sunday night at 11 p.m. and found the parking lot half-full and the store doing fairly brisk business. That store's manager, Greg Placidi, told *NHCN* on Monday morn-

(Continued on page 4)

Hechinger gets aggressive

Will roll out Home Project Centers chainwide; Plans beachhead for Home Quarters in Detroit

by Elizabeth Brent

LANDOVER, Md. — In one of the bolder moves in its 80-year history, Hechinger Co. will remodel all its stores to conform with its Home Project Center concept. The company also will expand its Home Quarters Warehouse division into the Detroit market, where HQ will eventually have 20 stores.

Hechinger took a charge against first quarter earnings to set up a one-time, after-tax strategic reserve of $57.3 million, or $1.37 a share, to cover the estimated costs of converting its remaining 67 stores to new, remodeled and enlarged Home Project Centers.

Because of that charge, Hechinger reported a net loss for the quarter of $51 million, although quarterly sales were up 12 percent to $439.9 million, and comp-store volume rose 7 percent.

The Home Project Center concept was launched in March 1991, and there are now 11 of them in the Baltimore area.

Hechinger's strategy is to use the revenues generated by the Home Project Centers to finance the growth of its HQ division. These Centers gen-

(Continued on page 26)

Lumber market quiet but queasy

Shortages still loom, but some concerns assuaged

by Gary S. Ruderman

NATIONAL REPORT — Recent rulings on logging in spotted owl territory in the Pacific Northwest, as well as other timber-harvesting issues that have now surfaced, are expected to have little immediate effect on the timber supply or prices at retail.

Prices for dimensional and panel lumber products have backed off from first quarter record levels, according to *Random Lengths*, the forest products newsletter. Only Western SPF (Spruce-Pine-Fir) and green Canadian SPF boards were higher at the end of May, and composite plywood prices were up only $1 per 1,000 square feet.

And recent reports about the still low levels of home building give no indication that housing construction is going to put unexpected pressure on lumber supplies any time soon.

(Continued on page 4)

HWI powers up Do-it Best lineup

Co-op to roll out slew of specialty programs

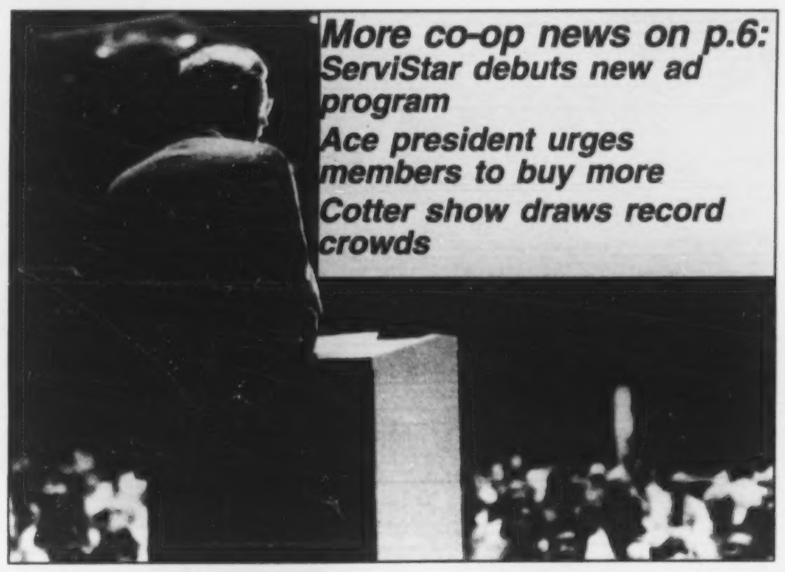
by Robyn Taylor

INDIANAPOLIS — Hardware Wholesalers Inc.'s latest innovation, the Do-it Best green garden center, is only the first of a series of power departments that the co-op plans to offer members.

At HWI's Spring Market, held here last month, the co-op unveiled its "cafeteria" of power departments that members can choose from to strengthen their businesses.

The co-op will start rolling out the

(Continued on page 26)



More co-op news on p.6:
ServiStar debuts new ad program
Ace president urges members to buy more
Cotter show draws record crowds

NHCN photo

***Executive vp Mike McClelland** addresses dealer-members at HWI's Spring Market in Indianapolis.*

Buying a second-generation computer p.4
Sales spurt spurs Lowe's to expand p.4
Checkstands carry consumer clout p.18

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ServiStar offers rebate program

Hopes to garner member support for new marketing effort

BALTIMORE — ServiStar managed to bump its Spring Market attendance by some 70 percent thanks to a special rebate program that gave back as much as $600 to some dealers for participating.

The Butler, Pa.-based hardware co-op offered the rebate to ensure optimal member support for its new marketing program, "Good Neighbor, Good Advice." ServiStar required owners to attend the marketing program's May 17 unveiling, and to check in each day they attended the rest of the show. Members received a $150 rebate for each day they attended; those who showed up all four days received $600.

To finance the rebate program, ServiStar charged participating vendors double the usual fee for exhibition space.

ServiStar's chief operating officer, Paul Pentz, said it was vital that as many members as possible show their support for the new campaign. And the rebate seemed to work: 2,500 stores said they would attend.

***ServiStar unveiled** its ad program at its Spring Market, where attendees were given rebates.*

The co-op offered a presentation explaining "Good Neighbor, Good Advice." The marketing campaign comprises three aspects: Local TV and print ads tout Saturday sales promotions; a nationwide ServiStar image-building campaign uses national magazine and TV network media; and "Tools for Tomorrow" lets members help their local vocational and technical schools with donations of money, tools and other merchandise to support curricula.

With each sale of ServiStar private label products, the co-op makes a contribution to a central fund used to keep the program going. And, through an All-American Vocational Student Award Program, ServiStar will provide cash awards from the local to national level for students who excel in their academic and vocational studies.

Cotter show draws record crowd

Co-op's first show for Macleod-Stedman dealers also a hit

CHICAGO — Cotter & Co.'s spring buying market last month enjoyed a record 21 percent increase in member attendance, according to preliminary figures.

Indeed, the market at Cotter's headquarters was crowded. At times, dealers' carts caused gridlock in the narrow aisles.

Dan Burton, Cotter's vp-member services and development, estimated that 7,300 people representing 3,000 of the co-op's 8,100 stores came to the Chicago show from April 27 through May 7. Dealer order figures were not available.

Immediately following the Chicago show, Cotter held its first buying show in Winnipeg, Manitoba, for dealers affiliated with the recently acquired Macleod-Stedman franchisor. Cotter officials reported a large turnout there as well.

The nation's largest co-op also made the following announcements:

• This summer, the co-op's senior managers will begin spending time working in retail stores in an effort to get closer to members;

• A new Store of First Choice design and logo was unveiled during the show. While staying with red, white and blue colors, overall signage is larger and endcap signage has been upgraded with three-dimensional accents. The new True Value logo now appears with brush-stroke accents below it;

• The co-op also unveiled another niche merchandising program aimed at the marin products market.

Ace cracks down on vendors

DALLAS — Ace Hardware Corp. will get tougher with vendors who consistently sell large-chain retailers at prices lower than those offered to the nation's second largest cooperative buying group.

In his address to dealers at a May buying show here, Ace president Roger Peterson said big retailers were getting lower prices than the co-ops, even though the buying groups offer greater benefits.

"Ace gives broader distribution to new products than Home Depot," Peterson said, "but dealers don't participate." At present, Ace's 5,300 dealers buy 58 percent of their total store merchandise through Ace. Peterson urged dealers to boost that percentage.

Big dealers shouldn't get lower prices than the co-ops, says president Peterson.

In an interview following the speech, Peterson said Ace was going to get "more aggressive and tougher with vendors" who allow competitors to sell products at prices below a level at which Ace can buy.

Ace also unveiled new ad campaigns featuring "Made in America" and "Salute to the American Worker" themes; first-time Spanish-language Ace TV ads in Los Angeles and Miami; and a Continental Airlines flight coupon program, in which consumers could trade in Ace store register receipts for airline tickets.

Simon's to shut Concord unit in reorganization

WALNUT CREEK, Calif. — Simon Stores will close its Concord, Calif., unit by the end of June as part of a wider restructuring program.

It will continue to service this market from its flagship store, just six miles to the south, and will embark on an interim renovation there. This will increase its focus on three areas of specialization: kitchen and bath, patio and garden, and basic hardware.

This move will boost the chain's focus on K&B, patio and garden, and hardware.

The 45,000-square-foot Concord unit was opened 13 years ago as an insurance policy when its flagship unit was threatened by a possible city redevelopment program, according to Marc Kaplan, president of the three-unit company.

"In the last five years, spending increased in the Concord market by probably 15 to 20 percent but retail square footage was up by 200 percent," said Kaplan.

Simon's current competitors include Home Depot, which opened one year ago, HomeBase and Orchard Supply Hardware as well as Costco, Price Club and Target. Not everyone would agree that the market is overcrowded, though, as Yardbirds opened a 50,000-square-foot store in eastern Concord in early May.

Simon Stores' margins have declined substantially and today it matches anybody's lowest price. But its thrust remains toward selling projects and offering special services. It added an installed-sales program seven months ago and will incorporate several of its experienced salespeople into the Walnut Creek store.

Simon's third unit serves the separate market of Pleasanton, about 20 miles away, and was revamped earlier this year to concentrate on the same three core areas. This store also faces competition from Orchard and Home Depot.

NHCN's World Powers report now available

NEW YORK — *National Home Center News* recently published a comprehensive report on the worldwide retail home improvement industry.

The report, called World Powers of Home Improvement Retailing, appeared in selected editions of the May 25 Retail Scoreboard, and was sponsored by the American Hardware Manufacturers Association.

It contains current research about the home improvement industry in these countries: the United States, Mexico, Canada, Germany, France, the United Kingdom, Belgium, the Netherlands, Italy, Spain, Austria, Japan, Australia and New Zealand.

Also included are details about hardware cooperatives worldwide and a directory of the top 100 home improvement retailers in the world.

Copies of the report are available from *NHCN* and the AHMA. Contact William P. Farrell, president and ceo, AHMA, 801 North Plaza Drive, Schaumburg, Ill. 60173-4977, Phone: (708) 605-1025, Fax: (708) 605-1093.

Corrections

L.G. Cook Distributing, a hardlines wholesaler based in Grand Rapids, Mich., has amended the information it provided to *NHCN* for the newspaper's annual Distributor Scoreboard (May 11, 1992). David Cook, the company's president, stated that L.G. Cook's 1991 sales rose by 21 percent to $133 million, making it the third largest hardlines wholesaler last year. Its employee count rose to 300 from 270, and it has 61 outside salespeople.

In that same issue, Alltrade, the City of Commerce, Calif.-based tool manufacturer and importer, was inadvertently included on the hardware distributor listing.

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HWI prepares arsenal of power departments

(Continued from page 1)

programs next month with its commercial/industrial power department and complete the offerings in the fall of 1993, with a complete bridal and groom registry department.

Some of the other power departments are an upscale brass and hardware area, Do-it Best home decor, Do-it Best kitchen and bath and Do-it Best millwork.

Executive vice president Mike McClelland said that, although the Do-it Best departments were designed to conform to the look of the Do-it Center stores, members do not have to be Do-it Centers to take on individual power departments. In fact, McClelland made the point that the "power department" maintains HWI's longstanding policy of allowing dealers to make their own choices about what programs they decide to implement.

It could be argued, though, that the development of these departments is a cagey marketing move by HWI to get its dealers-members on the first step toward converting their stores to full-blown Do-it Centers. (Nine years after the introduction of the Do-it concept, 370 of HWI's 3,100 dealer-members have converted to it.)

McClelland explained that the co-op's power departments are not designed to give members a "niche" in any particular area. When a member puts in a Do-it Best department, that store will not just sell a particular category, but be the leader in that department, he added.

"The Do-it Best department will identify the store in the community," said Tom Barfell, power department development manager.

To help members get started in the programs, HWI will supply them with inventory, advertising, department planograms and product knowledge and training sessions.

New signage program

HWI also revealed that it plans to roll out a new signage program for its Do-it stores that, according to McClelland, reinforces the stores' image for high-quality products at low prices.

The program, which is set to debut in about six months, is known as the "Integrated Communications Package." It was developed by the Watt Group, a Canadian-based design firm that came up with the Do-it concept in 1981.

The innovative signage program will create an atmosphere of excitement in HWI stores and encourage consumers to shop for longer periods, McClelland said.

At the show, the company reported that its sales through the first 10 months of its fiscal year were up 9 percent, spearheaded by the co-op's new Woodburn, Ore., DC, which was 40 percent ahead of budgeted sales for the year, and 74 percent ahead in the month of April. Also leading the sales charge was HWI's paint program, whose year-to-date sales were up 15 percent. On the first day of the show, paint orders were up 60 percent over the show's opening day last year.

More than 1,000 dealers and other visitors attended this year's show, including 72 prospects from other co-ops. There were also contingents from Mexico, where HWI appears to be aiming for considerable growth over the next several years.

Hechinger readies for Detroit assault with HQ

(Continued from page 1)

erate about $17 million per store in annual sales, or 40 percent more than a traditional Hechinger unit.

"It's a new beginning, it clears the decks on the old Hechinger and makes way for the new," said John Hechinger Jr., president and chief executive officer.

HQ expansion strategy

Hechinger will convert eight stores to the Home Project Center format this year, starting in the Washington and Philadelphia markets, and roll out 10 to 12 stores per year over the next few years, with 47 remodeled or relocated by 1994.

As a prelude to the conversions, stores will cut prices and add special services.

Hechinger will use its HQ format to expand its presence in the Midwest. The company will open four HQ stores in Detroit in 1993, and 20 units are projected for greater Detroit and other Michigan markets, including Ann Arbor.

"We here at HQ are very excited. [Detroit is] a large metro market, and we think we can be highly successful there," said Frank Doczi, president of the 35-unit HQ division. He added that Hechinger will only move into metro markets where it has secured several locations for HQ units.

Detroit will be the core of HQ's training and management for the Midwest, with its own regional vice president. The main warehouse competition in Detroit will be Builders Square, with 11 stores. The Detroit HQ units, together with HQ's multistore presence in Cincinnati and St. Louis, "begin to position us for other moves," said Doczi.

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Russia House

First American-style home goes up near Moscow

by John Sinisi

VLADIMIR, Russia — Maybe they should change the name of this Moscow suburb to Levittown.

This village, located 100 miles northeast of Moscow, is the setting for the first American-style house to be completed in this country. The project is a culmination of efforts by some 35 building materials vendors and a construction and lumberyard chain based in Florida.

Serendipity Серендипити

Heading the project is Dr. Ronald Pope, associate professor at Illinois State University, Normal, Ill., and chairman of Serendipity, a Russian consulting and development organization. Brad Hussung, a former student and head of Hussung Construction, Tampa, provided construction crews.

Hussung got Cox Lumber, St. Petersburg, to consolidate the materials, pack them, and ship them to the site through its export operation. He has several crews, working at two-week intervals between now and the target dedication date of July 4.

Vendors who gave materials include Georgia-Pacific, Marvin Windows, Dow and Briggs Plumbing.

The three-bedroom, 1,500-square-foot ranch house is modest by American standards but represents a landmark for Russia. Other builders are trying to construct model homes in the Moscow area, but Dr. Pope says his project will be the first to be completed.

(Continued on page 66)

ServiStar ceo to retire

Zehfuss' decision comes as a surprise to many

by John Caulfield

BUTLER, Pa. — Larry T. Zehfuss, the president and chief executive officer of ServiStar Corp., said he will retire from the dealer-owned buying group on Dec. 31.

Paul Pentz, currently the company's executive vp and chief operating officer, will take over for Zehfuss upon his retirement. Pentz's current position was created two years ago to facilitate his transition into Zehfuss' slot after Zehfuss had made his retirement plans known to the company's board.

NHCN photo

Larry T. Zehfuss

It is probable that Pentz's current post, which was interim, will be discontinued. He was traveling and unavailable for comment.

Zehfuss' decision took some industry officials by surprise. "I had heard this rumor about Larry wanting to retire

(Continued on page 68)

Pergament ordered to pay up

Agrees to desist from misleading advertising practices

MELVILLE, N.Y. — Pergament Home Centers agreed to pay the New York Attorney General's office $25,000 in costs and penalties, after an investigation into misleading advertising practices.

The 10-month investigation revealed that Pergament had promoted "sale" prices for certain items that were actually priced at their regular price, and in some instances had inflated the regular price in the ads to attract people into the stores. In addition, some stores did not have the advertised product available.

Pergament signed the agreement without admitting any wrongdoing.

Robert Tammero, Pergament's president and ceo, explained, "We have well over 1,000 items in our weekly circulars, so we may make a mistake and not have the item. Our policy is to give out rain checks." He declined further comment.

"Consumers should not be lured into purchasing items

(Continued on page 68)

Central Builders Supply faces credit problems

Co-op president ousted; new terms for dealer-members drawn up

by Gary S. Ruderman

SOUTH BEND, Ind. — Stockholders of Central Builders Supply (CBS), a dealer-owned commodities broker and office wholesaler, were slated to meet on June 17 to learn how CBS will alleviate its credit problems, which have resulted in the ouster of its president and the loss of 15 percent of its membership since January.

According to present and former dealers, the meeting here is

(Continued on page 68)

Britain's B&Q leader to step down

by Elizabeth Brent

CHANDLERS FORD, England — B&Q, Britain's largest home center chain, will soon lose its charismatic and visionary chief executive officer and deputy chairman, Jim Hodkinson, who last week announced his decision to leave that post.

Hodkinson will become director of international development at B&Q's parent, Kingfisher PLC, to launch DIY stores overseas.

Hodkinson will remain as a non-executive director to help smooth the transition as Alan Smith, managing director of another Kingfisher division, Superdrug Stores PLC, takes over at B&Q.

"Jim has made no secret of his wish to retire at age 50, and now that he's 48 this enables an orderly succession to take place," said Nigel Whittaker, executive director, Kingfisher PLC. The timing of the

(Continued on page 68)

NHCN photo

Jim Hodkinson

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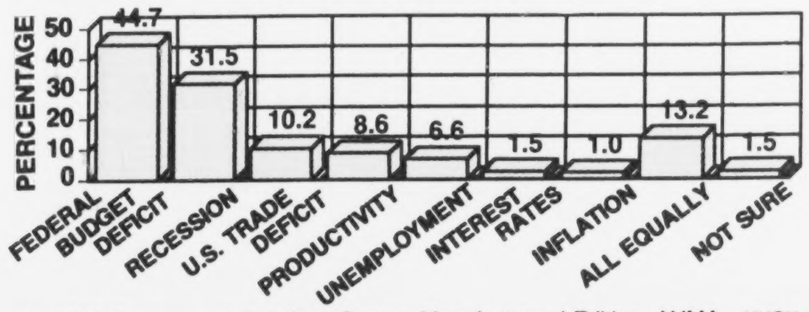
INDUSTRY STATS

Manufacturers voice their concerns about where the U.S. is headed

Which of the following factors (choose one) do you feel is the most important facing the country?



Source: 1992 Government Relations Survey, Manufacturers' Edition, AHMA *NHCN* chart

As the presidential conventions approach and the campaigns heat up, the candidates need to view the country's $362 billion federal deficit as its most pressing problem, according to hardlines suppliers who earlier this year responded to a survey from the AHMA.

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COMMUNITY SERVICE

Glidden named Ohio Friend of Education

CLEVELAND — The Ohio Chapter of the National School Public Relations Association has selected Glidden as a 1992 Ohio Friend of Education.

The paint company won the award for its involvement over the past four years with the local Strongsville School District. Specifically, Glidden offered a tripartite program—one phase of which had scientists working with teachers from the Allen Elementary School to plan hands-on science and math activities for students.

Glidden also brought teachers to the company's facilities here to learn the direct relationships between general science and industry, and presented guest lecturers to help teachers make more effective science and math presentations. Lastly, Glidden sponsored the Allen School's participation in a national science fair called the Science Olympiad.

Each year, the statewide association awards companies that help an Ohio school district achieve one of several national educational goals established by the White House.

Janet Voinovich, Ohio's First Lady, presented the award to Glidden research manager Rob Erich, who expressed his pride in the level of participation he received from his company.

"We were originally going to make this a very low-key project," said Erich. "But once the company got wind of it, 70 of a total 265 employees got involved."

Is your company performing a community service that merits attention? National Home Center News *encourages you to write us with the details, so we can share your efforts with the rest of the industry. Send all information to John Sinisi, Associate Editor,* National Home Center News, *425 Park Avenue, New York, N.Y. 10022.*

NEWS BRIEFS & NATIONAL NEWS

HomeBase to expand with Tulsa store

TULSA, Okla. — HomeBase will continue its aggressive expansion plans with the opening of its first Oklahoma store this fall.

The 117,410-square-foot Tulsa warehouse, with a 20,000-square-foot nursery, is the Fullerton, Calif.-based company's only planned store at present in this state. Tulsa was recently deemed the most "typical" city in the U.S., based on an assessment of 1990 Census Bureau data by Donnelly Marketing Information Services for *American Demographics* magazine.

In addition to this store, HomeBase will strengthen its dominance in the Colorado market with the opening of its fifth store in Littleton.

This warehouse will cover 103,904 square feet and will have a 15,000-square-foot nursery.

HomeBase currently operates 80 units distributed among Arizona, California, Colorado, Idaho, Illinois, Nevada, New Mexico, Ohio, Oregon, Texas, Utah and Washington. The chain plans to have 87 warehouses in operation by year's end.

Cosmo's June cover

Home centers the new hot spot for singles

NATIONAL REPORT — Looking for a good single man?

Maybe you should try wandering into your local hardware or home improvement store. According to an article in June's *Cosmopolitan* magazine, hardware stores/home centers are one of the 10 best places to meet a man.

As more and more women become handy with tools, they are spending more time in home improvement stores looking for products needed to tackle their own projects, the article says.

And as women shop for merchandise, they should also shop for men.

"The majority of customers are still men. Most are very willing to share their knowledge and give you some practical hints about successfully completing your project."

It continues, "You'll find many creative and dynamic types skimming the shelves in home improvement stores."

A K mart unit may soon be up for grabs

TROY, Mich. — K mart may spin off one of its growing specialty chains in an attempt to boost shareholder profits.

According to published reports, chairman Joseph Antonini said a spinoff is possible, although nothing has been finalized.

In addition to San Antonio-based Builders Square, K mart owns Pace Membership Warehouse, Payless Drug Stores, Waldenbooks, the Sports Authority and OfficeMax.

The most likely spinoff candidates would be Waldenbooks and PayLess Drug Stores because these chains are the most mature specialty operations, the reports stated.

Builders Square's sales rose 14 percent to $558 million during the first quarter of 1992.

Contractor's Warehouse moves south, rattles competition

by Robyn Taylor

LOS ANGELES — Grossman's Western Division, a relatively minor player in Southern California, has ruffled the feathers of two giant competitors with a media campaign that compares the prices of its Contractors' Warehouse units favorably to those of HomeBase and Home Depot.

About 14 TV and radio spots were aired early this month primarily to trumpet that Grossman's was changing the name of two stores—in La Habra and Pomona—to Contractors' Warehouse, the name it calls its stores in Sacramento, Calif., and Reno, Nev.

"We have found that contractors identify better with the Contractors' Warehouse name, and the concept is working extremely well," said Frank Lynch, Grossman's divisional president.

The company does not plan to convert its other four Southern California stores at this time, but eventually all the Western stores will probably go by the Contractors' Warehouse name, Lynch said.

Contractors' Warehouse promotes wholesale prices to contractors and to those who like to shop like contractors. And its new ads compare the stores' low prices with higher-priced items sold in HomeBase and Home Depot. The items compared include bathtubs, wire, piping, patio doors, steel entry doors, sinks and lumber.

These ads reportedly infuriated HomeBase officials, who contend that the advertising compares items that are not alike in an attempt to mislead the public.

"There's nothing wrong with price comparison as long as it's true," a company spokesman said. At press-time, HomeBase was still pondering how to respond to the Grossman's ads.

During the first week of June, a Grossman's Western division spokesman said the company had not received any complaints from its competitors.

Move to contractors

A year ago, Grossman's Western division opened its first Contractors' Warehouse and, throughout the summer, blasted price comparison advertisements throughout the Sacramento region.

The second Contractors' Warehouse opened in the Reno market in March. The new store includes 25 percent more stockkeeping units than the Sacramento unit. Lynch said the additional skus were added in the La Habra and Pomona stores as well.

"We took the Reno format and applied it to the other stores," he said.

Although the Southern California Contractors' Warehouses don't offer any different products lines than the four remaining Grossman's warehouses in the region, they do offer a better selection of every category, including more lumber, paint, electricals and hardware, Lynch said.

Evolution means innovation at Home Quarters

Doczi keeps his eye on customer, and company on its toes

Frank Doczi, president and ceo of Home Quarters Warehouse (HQ), spoke recently with senior editor Elizabeth Brent at the opening of HQ's first store in Cincinnati. Doczi discussed how the company is evolving as it expands into new geographical areas, like the Midwest.

As you move into the major metro markets, how has the HQ concept changed?

We now need a bigger box to handle the volume. This store is 103,000 square feet and has the biggest lawn and garden department, at 40,000 square foot. With [customers making] multi-unit buys, we need that kind of space to store product.

We're now serious about selling projects; we've changed the position of kitchens and added more displays and brands. We've enlarged the answer desk and increased the millwork display to build special-order business and become a serious market player in flooring.

What new challenges do these markets bring?

We're now looking at new competitors we've not faced before, like Central Hardware. But I like the challenge of new competition, and grappling with it. It's one of the joys of retailing that it never remains static; it's an ever-changing landscape and keeps you youthful.

Photo courtesy of Home Quarters Warehouse Inc.

Frank Doczi

But it's management's responsibility to provide a level playing field [on which to compete].

How does HQ provide this level playing field?

The bigger box . . . and providing new opportunities that we've not taken advantage of yet, like installed sales, a program our competitors have. We'll start that this summer in the Virginia and New England markets.

Where do the professionals fit into all this?

We now have a commercial credit capability so we have a better feel for specifically who they are and how many are buying from us. We're building that side of the business [from its current 10 percent of total sales] along with installed sales.

What do you see as the main challenge of the '90s?

One thing I am absolutely sure of is if you are going to make it in the '90s you better be customer-focused. You've got to listen to the customers today because they are the boss.

I think I'm as focused on it as I've ever been in my career. I'm absolutely 100 percent flexible in my mind to do anything today if I perceive the customers want it.

(Continued on page 66)

Terry Lumber tries new tack in L.A.

Kitchen & bath center a prelude to design center

LOS ANGELES — Terry Lumber Co. unveiled its new kitchen and bath showroom at a contractor breakfast that it recently held in its first location within the city itself.

The expansive showroom, which is housed in a separate building behind the store on San Fernando Road, includes eight kitchen and bath displays, said general merchandise manager Carmen Fraser.

Fraser said the second building was used as a showroom when Terry Lumber acquired the former Fleming Lumber last summer. Since then, the company has worked on developing the department and now employs two kitchen and bath designers who work by hand.

Although the 16-unit chain has a tiny kitchen and bath department in its Lancaster, Calif., store, the showroom here is an entirely new venture for Terry Lumber, Fraser said.

Right now, the company is working on the second evolution of the showroom—an upscale design center that would include the millwork department as well. The store currently carries windows and doors in the main store, but Fraser said the area will soon be part of the kitchen and bath showroom.

So far the company has done

(Continued on page 66)

NHCN photo

Part of the hardware power center in Channel's new unit, the nail assortment consists of 126 skus of bulk nails.

U.K. agency takes aim at paint solvent pollution

LONDON — The Department of the Environment here recommends that DIYers refrain from painting the outside of their houses with solvent-based paints during hot, sunny days.

This is just one of the suggestions made in a new booklet, *Summertime Smog, how to help prevent it*, that the department published on May 23.

The booklet gives practical advice, which, if followed by a sufficient number of people, it says will help to reduce serious episodes of ground-level ozone.

"As individuals, there is much we can do to help tackle the problem of photochemical smog," said Environment Minister Lord Strathclyde, in a prepared statement."Summer smog forms in hot sunny weather as a result of the action of sunlight on certain gases, produced in the main by motor vehicles."

Among these suggestions are 12 causes of action, six governing the use of the car and six concerning DIY projects. The guidelines recommend using water-based or low-solvent paints, glues, varnishes and wood preservatives. They also suggest putting off decorating jobs when poor or very poor air quality is forecast. Consumers who insist on using solvent-based products are asked to keep the lid on the can as much as possible.

"The matter needs to be put into proper perspective," said Chris Harris, UK business manager for Britain's leading paint supplier, ICI Paints. "About 2 percent of the pollution is caused from volatile organic compounds, while between 24 and 27 percent is due to emissions from cars and lorries [trucks]."

Harris added that his company has set 2000 for the complete abolition of the production of solvent-based paints.

Correction

Jones-Blair Co., a paint distributor based in Dallas, has provided *NHCN* with updated information about its sales. The company last year did $28,647,000 in sales to its own 34 paint stores and other dealers, 0.6 percent down from its 1990 sales to retailers, according to chief financial officer Paul Frederickson.

A typographical error led to reporting the wrong sales for Leaner Home Center, a five-unit retailer based in York, Pa. Leaner's revenues in 1990 and 1991 were $8.7 million, not $87 million.

A brand-new Channel

Warehouse store alternative first to open in four years

BRISTOL, Pa. — Channel Home Centers opened its first new store in four years on June 6, just three months after it emerged from bankruptcy.

The compact 42,000-square-foot store, just northeast of Philadelphia, is designed as an alternative to warehouse shopping, emphasizing convenience and service.

The 12-foot-high perimeter steel racking helps pack in 17,000 skus.

"Unlike other home centers that want bigger stores, we're just the opposite," said Joe Nusim, president and ceo. "We are definitely contracting ours."

Channel plans to open three more stores this year, between 15,000 and 45,000 square feet, and some like this one will be located in buildings that previously were supermarkets. The stores will open in Channel's existing markets, in New Jersey, Philadelphia and on the periphery of New York City.

(Continued on page 66)

The Elusive Consumer

NHCN photo

It's easier to nail down a blob of mercury than to pigeonhole today's consumer, who is at once demanding, fickle and just plain cryptic.

In an increasingly diverse society, dealers are likely to hone in on those market segments—women, avid shoppers and spenders, skilled DIYers and pros—that they can at least rely on for sales until the overall consumer market sorts itself out and becomes more readable.

Dealers face new challenges as the 'typical' home center customer erodes

Consumers of home improvement products reflect a diverse, pluralistic society that can no longer be defined with precision and is unpredictably mutable. As a result, dealers must pay attention to changing demographics and basic consumer traits.

NATIONAL REPORT — Joe and Agnes Gilberti would appear to be typical home improvement customers.

Their four kids have flown the coop, leaving Joe, an electrician in his 50s, and his wife Agnes, who sells cosmetics door-to-door, more time to spend working on the six-bedroom Tudor home in Staten Island, N.Y., they bought five years ago, a home appointed with the finest brass, porcelainand hardwoods.

But the upscale image of this couple their home projects doesn't begin to hint at the complexity of their shopping habits. For example, the Gilbertis say they buy their clothes at K mart and their groceries at the Price Club. The couple goes to Sears for tools, but Home Depot is their store of choice for building products.

In fact, the Gilbertis are "typical" of a consumer universe that has become inscrutable for retailers and suppliers. Unlike the virtually homogeneous market of the 1950s and 1960s, today's consumers are a fragmented, chaotic bunch, wanting everything for nothing, and sometimes are even hostile to the very stores they shop.

The post-mass market era

Consumers of home improvement products reflect a diverse, pluralistic society that can no longer be defined with precision and is unpredictably mutable.

It's a free-for-all out there. But within all this confusion, some futurists and market watchers suggest basic consumer traits they believe all retailers will have to address:

• Consumers' value systems have changed radically, if not irrevocably, over the past few years.

Barbara Caplan, a vice president for the market research firm Yankelovich Clancy Shulman, sees a more self-confident consumer who now views "status" in terms of personal satisfaction, and buys products that are important to him or her alone. That purchase can be "emotional," which makes marketing all the more difficult;

• Those buying inclinations, though, are being colored and impacted by consumers' finally-coming to grips with their personal indebtedness. As a result, consumers "simply don't trust or like retailers anymore," says futurist Carol Farmer. "They blame retailers for their current debt condition, and they don't plan on coming back until they've paid for what they've already bought."

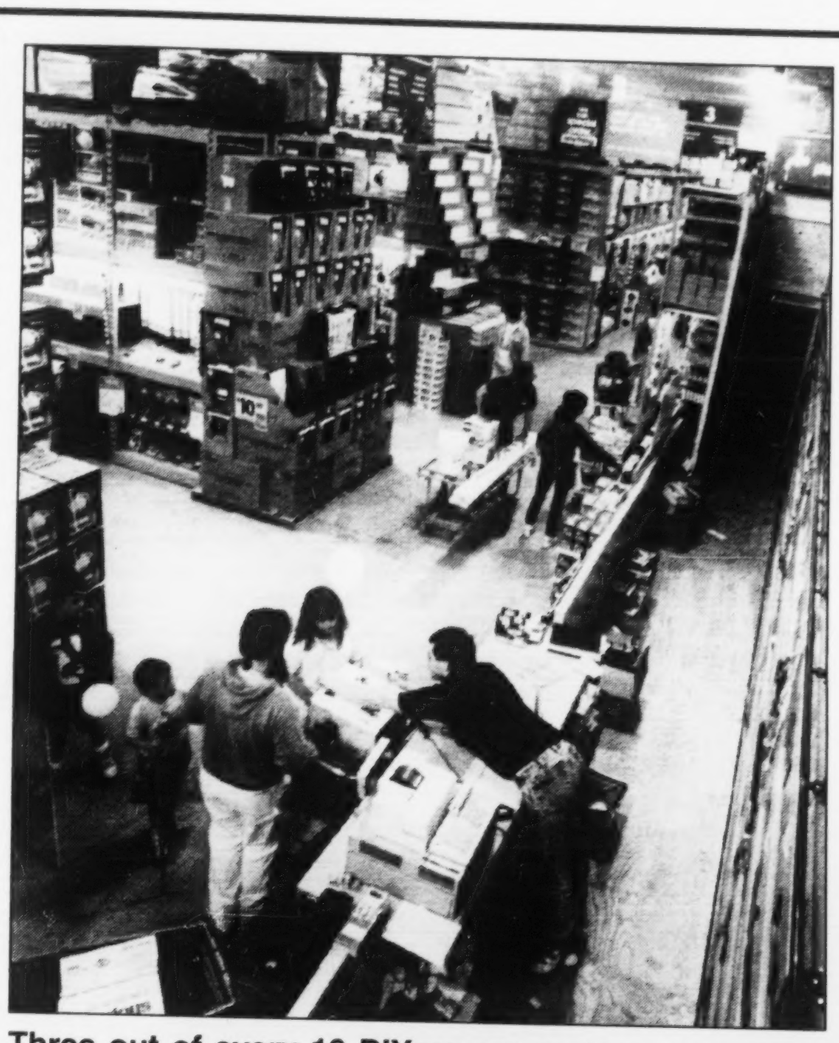
• The overall demography of the U.S. population is changing rapidly, and dealers must change along with it to survive. Asians and blacks, for example, accounted for two-thirds of the U.S. population growth over the past 10 years, according to *American Demographics*; one-quarter of that growth was in rural and suburban areas. The Hispanic market is already manifesting its importance.

These groups, though, are "wild cards" for many retailers, who haven't really targeted them as individual consumer sectors.

Three DIY groups emerge

Even with the death of the mass market, dealers still have to come up with a strategy to sell to what remains.

Home center operators say the future is now, and have confronted the consumer chaos with the recognition that their stores have to offer a strong combination of low prices, broad product selection and reliable service. If any of these three pieces is missing, retailers aren't in the ball game competitively.



Three out of every 10 DIYers are renters, compared with 40 percent of non-DIYers.
Source: Deloitte & Touche

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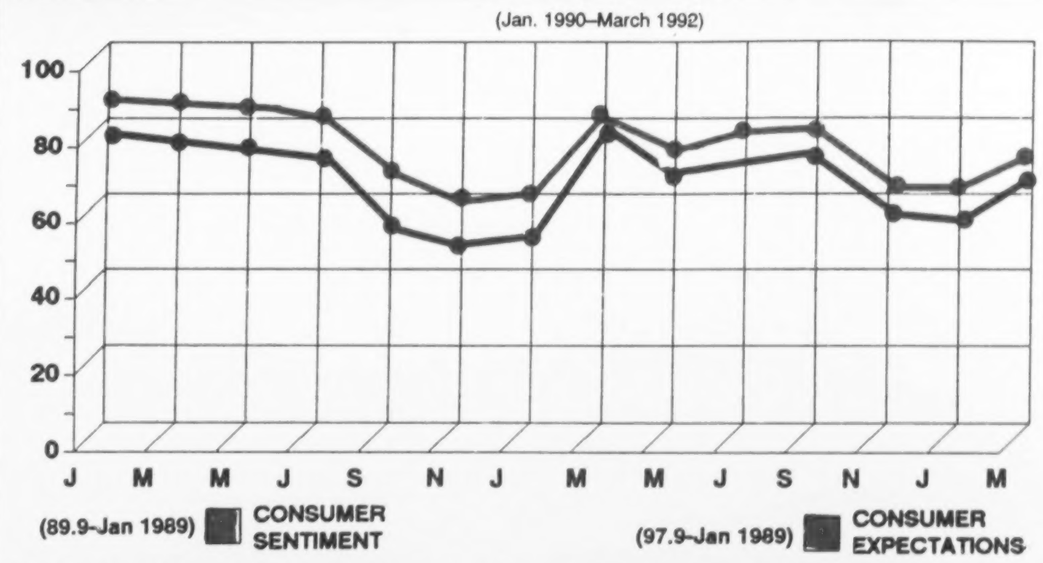
Among consumers who do home repair regularly, a surprisingly high 8 percent live in households that include their parents.
Source: Deloitte & Touche

Consumer confidence inches up ...



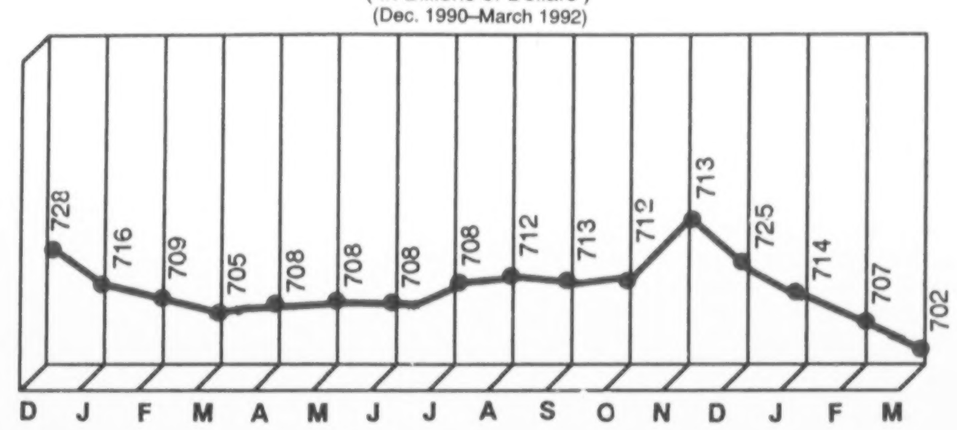
100= Sentiment/Expectations in 1966 Source: Survey Research Center University of Michigan

...people are paying off their debts...

Consumer Credit*

(In Billions of Dollars)

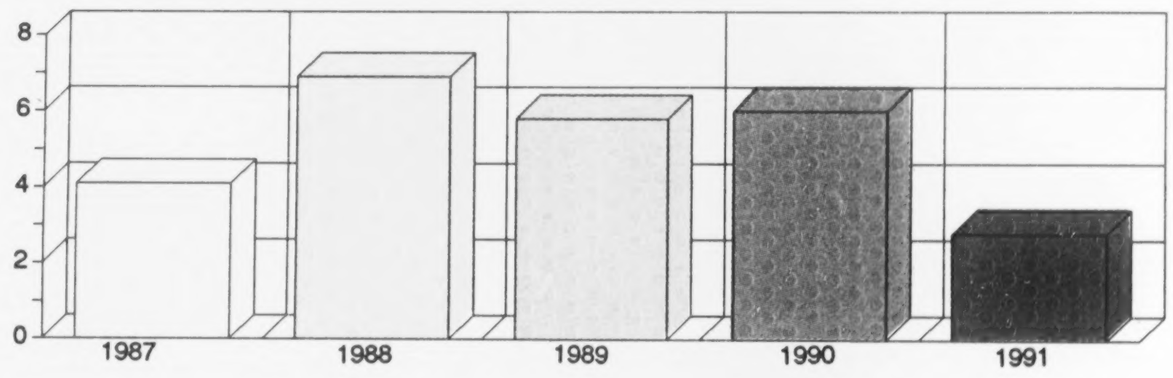
(Dec. 1990–March 1992)



*Excludes home equity loans, mobile home loans and mortgages; includes auto loans and credit card debt. Source: Federal Reserve. *NHCN* chart.

... but disposable income falls off

annual % growth rate per capita disposible income



Source: Bureau of Economic Analysis Commerce Dept. *NHCN* chart

Consumer attitudes about the general economy play a major role in their willingness to buy products. Despite still-high unemployment levels (7.5 percent nationally in May, 9 percent in New Jersey) and a federal deficit nearing $400 billion, consumers are showing signs of feeling a little better about their future.

One sign was the strong first quarter sales and profits many dealers reported. Even though the spring has been less than robust, most retailers believe the rest of 1992 will outpace 1991. *The New York Times* reported on June 4 that corporate executives even expect a surge in hiring in the latter part of the year.

Even though consumers' disposable income still appears to be soft, consumer debt, according to Federal Reserve data, has been falling since last December, another good sign for the overall economy. However, a reduction in revolving credit is usually a mixed blessing for retailers, especially home centers that promote bigger-ticket projects often paid for with plastic.

Home improvement dealers can also take some solace in the fact that, amid all this consumer cloudiness, a few rays of light, in the form of targetable consumer markets, have broken through.

The avid DIYer, the female shopper and the professional remodeler are the three customer groups that appear most likely to form the foundation for home improvement retailers' sales in the coming years.

This in no way suggests that any of these groups can be perceived as a bloc, or that their respective individual components are less than the whole. But the identification of these groups, no matter how imperfectly defined at the moment, at least gives dealers something on which to hang their marketing, merchandising and operations plans.

Forget store loyalty

But in refining those plans, dealers must factor in any number of variables.

One of the most important is the fact that consumers don't favor specific retail outlets the way they used to. A survey of more than 250,000 consumers conducted by the accounting and marketing firm Deloitte & Touche last year found that nearly three-fifths of all DIYers said they had "no preference" where they shopped.

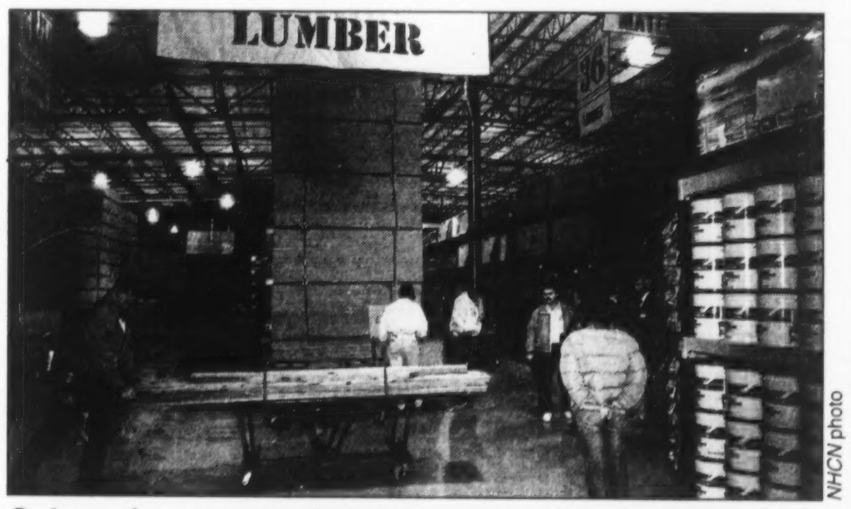
"The definition of loyalty in America today is the absence of something better," intones Farmer. This warning is particularly relevant to home centers which, by virtue of the product categories into which they've expanded, find themselves in competition with everyone from Costco, the membership warehouse club, to Crate and Barrel, the home decor specialty dealer.

A consumer survey by the accounting and marketing firm Deloitte & Touche last year found that nearly three-fifths of all DIYers said they had 'no preference' where they shopped.

Second, the target audience for home improvement merchandise appears to be getting a bit younger. Peter Francese, the publisher of *American Demographics,* reports his magazine's recent research into consumer expenditures found that the largest age group, 35- to 45-year-olds, spends $93 a month on home improvement products. (Those 45 to 54 years old typically spend $70 a month.)

"In the future, we plan to step up our advertising for youth, and will hold more DIY clinics to better acquaint younger people to the world of how-to," says Greg Fuller, vp-merchandising for All American Home Center, the 145,000-square-foot independent in Downey, Calif. Fuller thinks those clinics could be directed mostly at 21- to 35-year-olds.

All American is also beefing up its bilingual signage, and has at least one Spanish-speaking person in every department to serve its Hispanic customers. Dealers across the nation will also have to find an effective way to address as individuals their minority customers, who are becoming an increasingly large swatch in the fabric of the crazy quilt that is currently the consumer market.



NHCN photo

Sales of power tools and accessories are expected to grow faster than any other product category. Growth in lumber sales will be more modest.
Source: Frost & Sullivan

Information Source

For more information about the various research used in this Consumer Attitude Study, please contact:

- Christine Donovan, Deloitte & Touche, 1633 Broadway, New York, N.Y. 10019, (212) 492-2890
- Diane Radenbaugh, Gold Bond Building Products, 2001 Rexford Road, Charlotte, N.C. 28211, Phone: (704) 365-7300; Fax: (704) 365-7222
- Anne Gilroy, Frost & Sullivan, 106 Fulton St., New York, N.Y. 10038 Phone: (212) 233-1080; Fax: (212) 619-0831
- Judith Riggs, Home Improvement Research Institute, 400 Knightsbridge Parkway, Lincolnshire, Ill. 60069, Phone: (708) 634-4366; Fax: (708) 634-4379
- Cynthia Adams, *Better Homes & Gardens*, 1716 Locust St., Des Moines, Iowa, 50309-3023, (515) 284-3009

DIY market broad-based, elusive

Often young and affluent but lacking store loyalty

A huge cross section of the American public says it does home repairs.

A recent market analysis based on interviews with 266,742 consumers shows that nearly three-quarters of those polled engage in some kind of home repair, either regularly or occasionally.

The study, conducted last year and released this February by the TRADE Retail and Distribution Service Group of Deloitte & Touche, also found that these DIYers are more affluent, bigger spenders, less likely to live alone and, by and large, a bit younger than non-DIYers or the population in general.

Some of the more intriguing findings from this study include the fact that, among the nearly two-fifths of consumers who do repair work on their homes regularly, 29 percent of this subgroup are renters and 8.1 percent live with their parents.

Three out of every five DIYers are married (compared with about half for the total population), and more than 28 percent are 25 to 35 years old.

The study found that DIYers earn about $1,100 more annually than the average consumer and $5,600 more than the average non-DIYer. People with annual incomes between $30,000 and $75,000 are more likely to be DIYers, too.

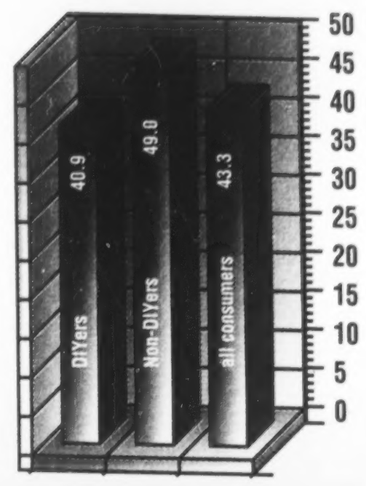
However, perhaps the most significant finding of the Deloitte study was that, although nearly one-third of the DIYers said they preferred to shop in a home improvement center for home repair products, nearly three-fifths—57 percent—claimed they had "no preference" about where they went. From that finding, one could infer that price dictates where consumers decide to shop.

On the other hand, just less than 6 percent of the DIYers polled said they shopped in Home Depot, a percentage that roughly corresponds with that chain's market share. Roughly 2 percent identified either Hechinger or Builders Square as their shopping venue.

About three-quarters of the regular DIYers who shop Home Depot do so specifically because of price, compared with 68 percent of those who do home repair occasionally. Sixty-five percent of the regular DIYers said they shopped Home Depot for selection.

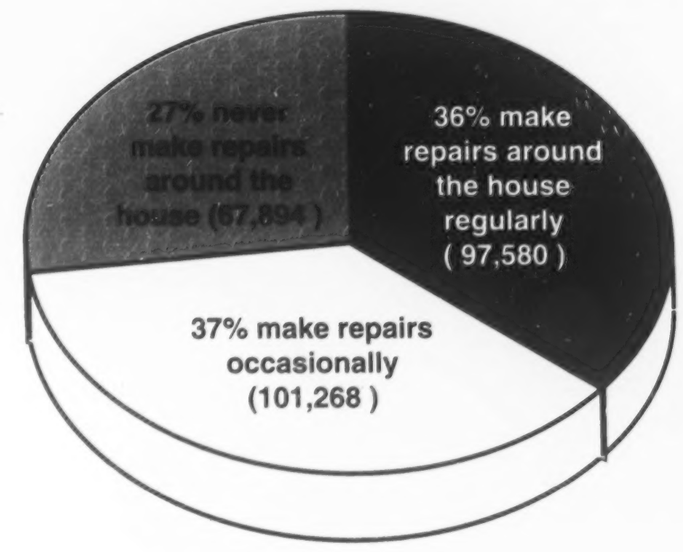
Average Age

(years)



DIY CONSUMER UNIVERSE

(of 266,000 consumers surveyed)



Source for all charts: Deloitte & Touche Trade Retail & Distribution Services Group
NHCN charts

Shopping Preference Among DIY Consumers[1]

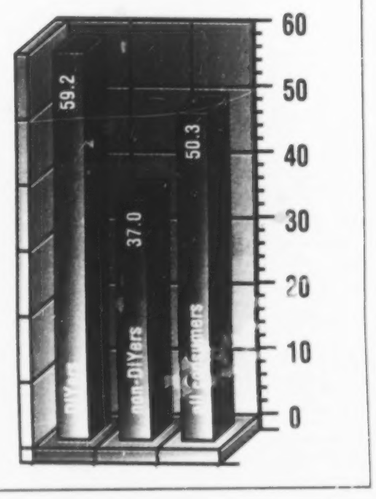
Type of Outlet	Percent
No Preference	59.0
Home Improvement[2]/ Hardware Stores (Home Depot)	21.0 (5.5)[3]
Sears	7.4
Smaller Hardware Stores	6.3
Ace Hardware	1.8
True Value	0.9
Other[4]	3.6

[1] Percentage of 198,848 consumers who said they regularly or occasionally do home repairs.
[2] Includes membership warehouse clubs.
[3] Share of total home improvement/hardware store market.
[4] "Other" consists of mass merchandisers, including K mart and Wal-Mart.

Source: Deloitte & Touche — *NHCN* chart

Married

(% of total)



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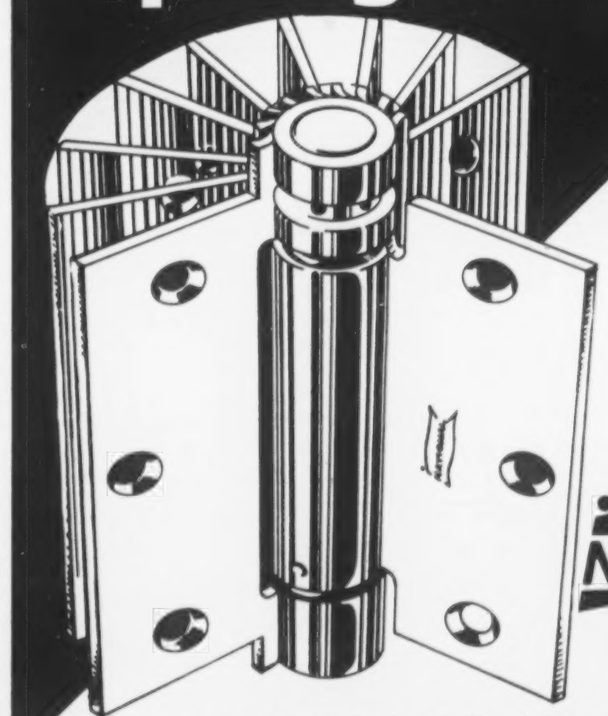

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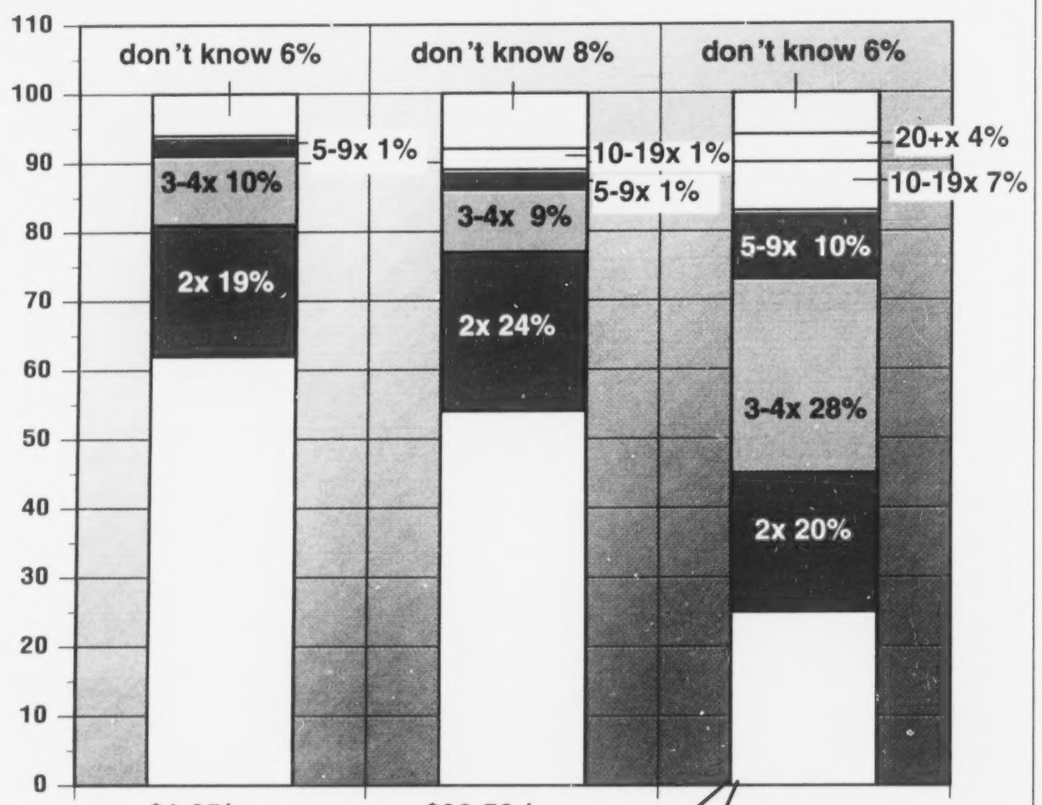
The more homeowners spend on DIY projects, the more frequently they shop

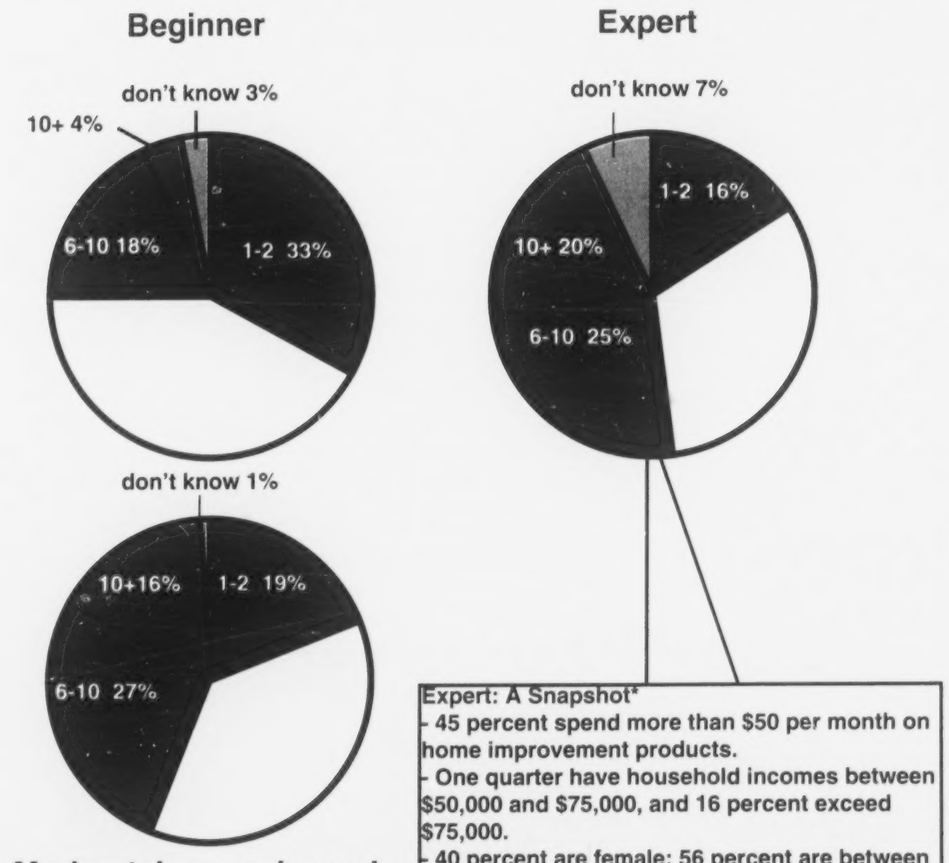
(number of store visits per month)



Big Spender: A Snapshot*
-27 percent say they're expert DIYers
-3 in 10 did between 3 and 5 projects the previous year; about the same number did 6 to 10 projects.
-43 percent are women ; one-third are between 35 and 44.
-30 percent have household incomes of $50K - $74K.
-one in 5 is a service worker ;1 in 7 is retired.
* represents 183 of 600 married homeowners polled who spend more than $50 a month for home improvement products.

The "Expert" DIYer is also the most active

(number of DIY projects completed in previous year)



Expert: A Snapshot*
- 45 percent spend more than $50 per month on home improvement products.
- One quarter have household incomes between $50,000 and $75,000, and 16 percent exceed $75,000.
- 40 percent are female; 56 percent are between 35 and 54.
-Nearly half are shopping for home improvement products at least 3-4 times a month, and 14 percent are in stores 10 times monthly.
-14 percent are retired
*represents 18 percent of 600 married homeowners polled.

Source (both charts): Gold Bond Building Products, Elrick & Lavidge
NHCN charts

Skilled DIYers can also be big spenders

Study suggests more could be done to attract the 'experts'

Home improvement centers need to do better at identifying, and directing their advertising and promotion at, those skilled DIYers who are likely to be frequent and heavy shoppers in their stores now and in the future.

That's one important conclusion that can be drawn from a poll conducted for Gold Bond Building Products by research firm Elrick & Lavidge, in which 600 married homeowners in the 50 largest metropolitan areas were interviewed by phone in the fall of 1990.

Slightly less than one-fifth described themselves as "experts." But more than half of these skilled DIYers had shopped for home improvement products at least three to four times per month over the previous year.

More than half of these experts said they had spent more than $50 per month in the previous year on these products (14 percent said they had spent more than $500 per month!), compared with the three out of 10 survey respondents who fell within the "big spender" category.

On the other side of the coin, more than a quarter of these big spenders also identified themselves as experts, so there does appear to be some significant overlap in these two primary target market groups for home centers. For example, around half of both the big spenders and the experts said that they had taken on an electrical project in the previous 12 months.

What Projects Will Do-It-Yourselfers Take On?

	Breakdown of Projects Completed in the Last 12 Months by Skill Level				Breakdown by Spending Level per Month			
Project	Total	Novice DIYer	Moderately Experienced DIYer	Expert DIYer	Total	$1 to $25	$25 to $50	Over $50
	600*	130	360	110	600	150	169	183
Plumbing	43%	38%	42%	54%	43%	42%	42%	45%
Electrical	41	25	44	49	41	35	40	48
Gypsum wallboard	34	17	38	43	34	23	27	48
Mechanical	27	15	28	37	27	21	24	34
Painting/wallpapering	9	19	6	5	9	13	8	5
Woodwork	8	6	9	10	8	7	10	8
General home improvement	5	9	17	17	5	6	2	3
Carpentry	4	5	3	8	4	4	4	3
Cabinetry/shelving	2	5	1	2	2	2	1	2
Landscaping/gardening	2	5	1	2	2	1	2	2
Other	11	14	8	7	11	12	14	10

*Based on interviews with 600 married homeowners.
Source: Gold Bond Building Products/Elrick & Lavridge
NHCN chart

The two breakdowns contained in this chart are by skill level and expenditure. They show the percentage of each group that said it had completed each project over the previous year (e.g., 42 percent of those who spent up to $25 a month on home improvement products did a plumbing project).

The study from which this information was taken also shows that there's some overlap between the bigger spenders and expert DIYers—an overlap home improvement dealers need to exploit.

Women no longer on the sidelines when it comes to home improvement projects

Carol Farmer, one of the home improvement industry's leading market observers, thinks home centers have difficulty selling to women because "home centers have no fashion authority."

"Women," she continues, "would rather shop fashion in catalogs; home centers buy whatever suppliers offer."

While many dealers have made great strides to tailor their assortments, services and even in-store maintenance to appeal to women, as often as not they still approach the *selling* process as if they were dealing with men.

That's a big mistake because women appear to be eager home center, even warehouse, shoppers, according to a number of studies released in the past two years. However, these surveys also show women to have very different demands than men when it comes to choosing where they shop.

For example, a look at female shoppers commissioned last year by Women in the Hardware Industry, based on data from 2,300 households, found that men and women identified availability of hard-to-find items as the number one characteristic they look for when deciding where to go for home improvement fare.

However, where men are likely to shop stores that have "courteous, friendly employees," women find that store attribute less important than "good value for the money."

A *Better Homes & Gardens* poll of 413 female shoppers revealed that nearly three-fifths had completed a home improvement project within the previous six months.

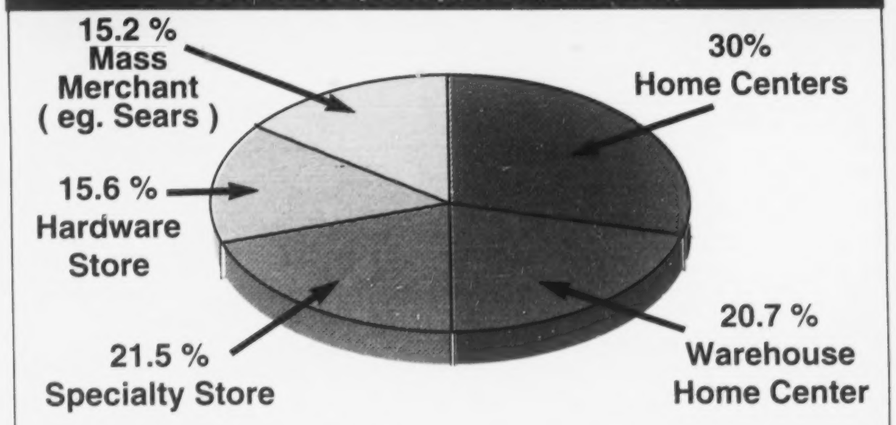
A poll of 413 female shoppers completed for *NHCN* by *Better Homes & Gardens* earlier this year, revealed that nearly three-fifths had completed a home improvement project within the previous six months, and half of this subgroup said they shopped in either a home center or warehouse unit.

Interestingly, this subgroup also places a much higher premium on a store's selection than other factors within the shopping experience. And the *Better Homes* data also debunks the perceived myth by revealing that women say they are self-sufficient when it comes to buying home improvement products.

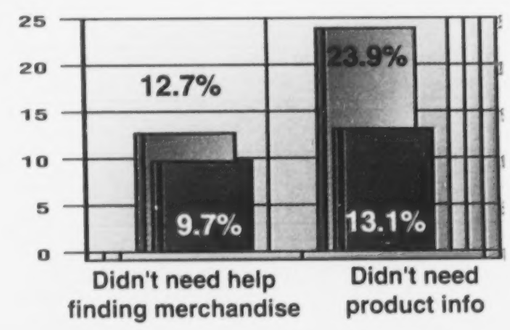
Before men or women will step foot into a store, they demand, first and foremost, that it carries quality products. However, men appear to place a higher premium on selection and service.

Women also appear to take an entirely different attitude toward shopping for home improvement products, and are more willing to investigate other avenues—like catalogs and discount stores—than male shoppers.

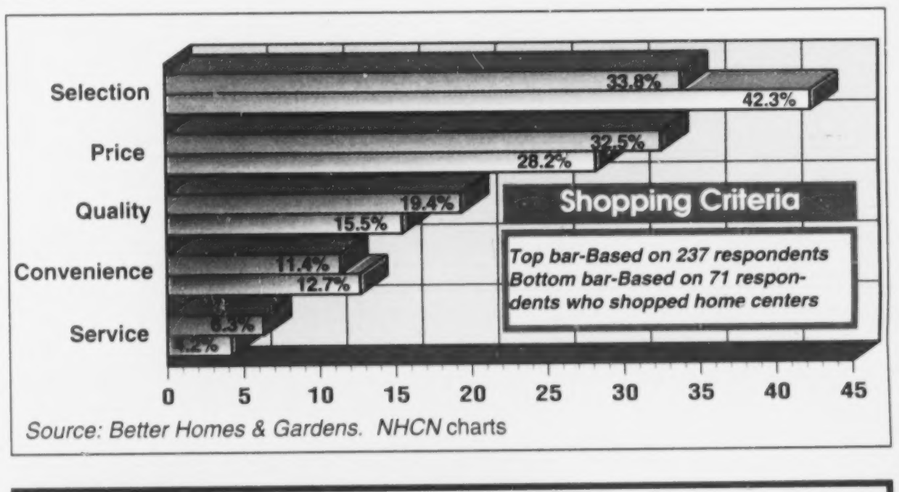
The Female shopper: A Snapshot
Where they shop, how, and why



Based on 237 respondents who completed a home improvement project in



Front Bar 237 project completers; Back Bar 71 completers who shopped in home centers.



Source: *Better Homes & Gardens. NHCN* charts

What Men and Women Seek When Shopping for Home Improvement Products

(% stating very/extremely important)

	Total[1]	Females	Males
	600	308	292
Merchandise quality	94%	95%	92%
Product selection*	86	88	83
Quality of service*	78	85	71
Price*	74	81	67
Speed of service*	64	69	58
Location	58	60	55
Store image*	25	29	21

*Difference is statistically significant between males and females.
[1]Based on interviews with 600 married homeowners.
Source: Gold Bond Building Products/Elrick & Lavidge

NHCN chart

Women polled who completed a project in the previous six months spent $1,249, on average; those who shopped in a home center spent $1,259 . . .

Source: *Better Homes and Gardens*

NHCN photos

. . . but women completed about half as many home improvement projects* as men—3.8 to 6.34—in 1990.

*Based on a predetermined list of 38 projects.

Source: Russell Mueller Retail Hardware Research Foundation; Farnsworth Group

Profile of Shopping Attitudes of the DIY Consumer

(based on a survey of 2,300 U.S. households)

When it comes to shopping, females are more likely than males to claim that . . .	Attitude Ratings Based on a 10-Point Scale*		
	Female	Male	Gap
They usually come home from the store with more things than they intended to buy	5.67	4.88	.79
They do a lot of shopping through direct mail catalogs	4.20	3.59	.61
They often shop at discount stores	8.11	7.51	.60
They believe most products available on the market are equal in quality regardless of brand name	4.65	4.07	.58
When they shop, they usually go to several stores to get the best price	5.95	5.41	.54
They pay attention to advertisements for sales	8.08	7.58	.50
When there's a chance, they generally buy the store's own brand rather than a national brand	5.36	4.87	.49

*A "10" implies that the respondent is in total agreement with the statement; a "1" implies total disagreement.
Source: The Russell R. Mueller Retail Hardware Research Foundation and The Farnsworth Group

NHCN chart

Small residential remodelers are key to home centers' pro market

Last year, slightly less than three-fifths of the $40 billion in sales generated by the industry's largest 500 companies came from contractors and remodelers. And even the most die-hard retail outlet is moving toward the professional customer more aggressively.

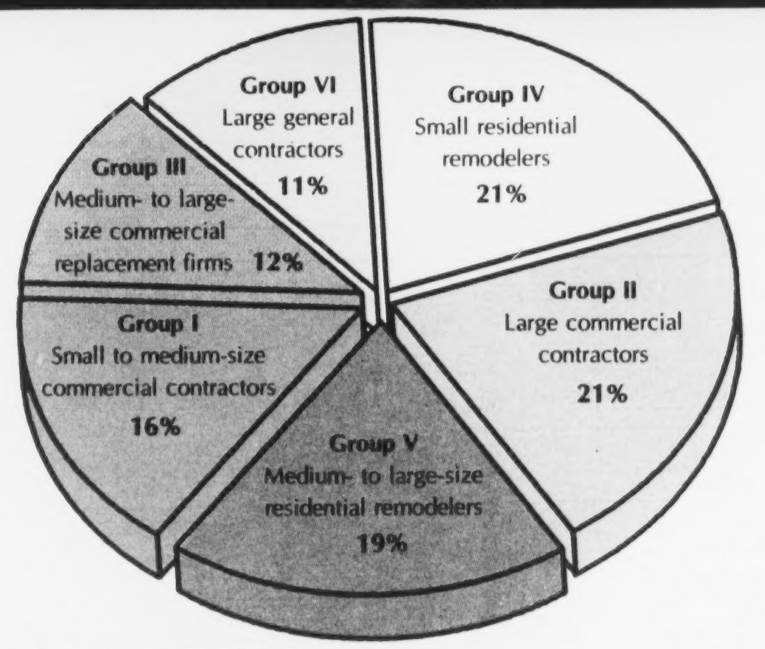
However, that customer remains elusive and, in some cases, transitory. Getting too close to certain pros can be hazardous to your health: Among the 15 largest contractor-oriented retailers that got at least 75 percent of sales from builders and remodelers last year, all but three reported sales declines—mostly attributable to the nationwide weakness in the home building market.

Consequently, a better understanding of the pro's shopping patterns would go a long way toward helping dealers decide how to adjust their products and services. Last July and August, the Home Improvement Research Institute interviewed 1,000 executives from construction and remodeling companies in order to dissect that contractor universe into its various components.

The study found that small residential remodelers, representing around one-fifth of the market, were most likely to shop in a home improvement center for their building products and hardware.

On the other hand, the study found that dealers would be mostly wasting their time pursuing large commercial subcontractors and general contractors—either because they usually don't prefer to shop in home centers, or they don't usually deal with homeowners.

Contractors Break Down Into Six Main Groups*



* Based on interviews with 1,000 contractors.

Source: Home Improvement Research Institute — *NHCN* chart

SEGMENT I

Small to Medium Commercial Subcontractors

- Three-fifths do alterations/additions.
- More than half do residential remodeling.
- Electricals/lighting, painting and HVAC top revenue generators.
- Prefer shopping lumberyards and distributors for product.
- Less likely to shop specialty or hardware stores.
- Homeowner/clients aren't usually DIYers.

SEGMENT II

Large Commercial Subcontractors

- Usually work with general contractors and architects.
- Less than two-fifths do residential remodeling; about the same ratio do new home construction.
- Electricals/lighting, painting and HVAC top revenue generators.
- Prefer shopping distributors, lumberyards and specialty outlets.
- Less likely to shop in a home center.

SEGMENT III

Medium to Large Commercial Replacement Firms

- 82 percent in this segment do replacement.
- Don't do much whole-house work or interior/exterior activity.
- Slightly less than three-fifths do residential remodeling.
- Roofing, HVAC and painting top revenue generators.
- Prefer distributors to other shopping venues.
- Lower than average DIY incidence among clients.

SEGMENT IV

Small Residential Remodelers

- Mostly general contractors.
- Usually work directly with homeowners.
- More than two-thirds do replacement; three-quarters do residential remodeling, the highest among all contractor segments.
- Windows/Doors, roofing and siding top revenue generators.
- More likely to shop home centers and hardware stores than any other contractor segment, and go to those stores for new product info.
- Seek in-stock availability and location more than product selection in choosing where to shop.
- Heavy DIY activity among clients.

SEGMENT V

Medium to Large Residential Remodelers

- Half do additions and alterations; two-thirds do residential remodeling.
- More likely than other contractors to do whole-house work.
- Windows/doors, siding and roofing top revenue generators.
- Prefer lumberyards and specialty stores, and more likely than other contractors to go to distributors.

SEGMENT VI

Large General Contractors

- More likely to use subcontractors than other groups.
- Three-fifths do additions and alterations; 57 percent are residential remodelers.
- This contractor group has the highest involvement in all activities.
- Carpentry, windows/doors and cabinetry top revenue generators.
- Appear to go to all retail outlets, though prefer lumberyards and distributors significantly more than average.
- Clients—including homeowners, architects and subcontractors—very likely to make purchasing decisions.

Key Factors in Deciding Where to Purchase Major Materials

	Average Rating (10 = Very Important)	
	Total Sample	Small Remodelers
In-stock availability	9.1	9.1
On-time delivery	8.9	8.7
Competitive prices	8.8	8.6
Knowledgeable salespeople	8.7	8.4
Product guarantees and warranties	8.5	8.5
Ease of pickup	8.4	8.5
Wide selection of products	8.2	8.4
Contractor discounts	8.1	8.0
Ability to special order	7.9	7.9
Ease of phone ordering	7.8	7.5
Convenient hours	7.8	7.9
Credit	7.6	6.9
On-site delivery	7.2	6.7
Contractor service desk	7.1	6.9

Source: Home Improvement Research Institute. — *NHCN* chart

Where Remodelers Buy

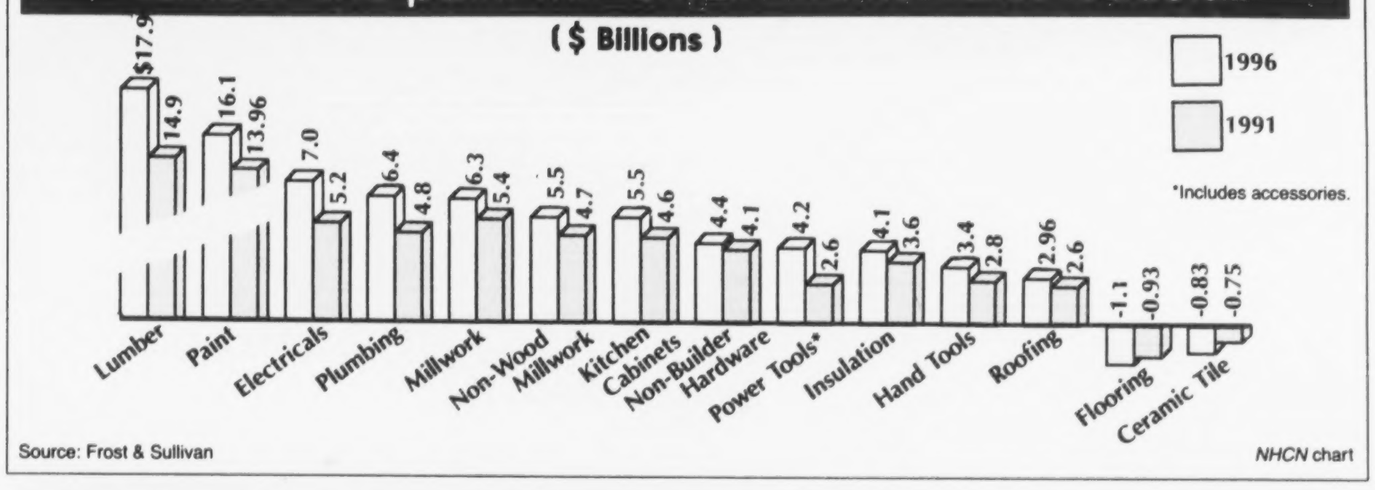
(Percent)

	All Remodelers	Small Residential Remodelers
Lumberyard	60	64
Specialty Store	55	53
Wholesaler	55	50
Hardware Store	39	46
Distributor	37	28
Home Improvement Center	31	39
Direct From Manufacturer	17	16
Home Improvement Warehouse	13	16

Source: Home Improvement Research Institute — *NHCN* chart

While small remodelers don't deviate noticeably from other contractor groups in their reasons for choosing one store over another, they are the likeliest of all professionals to choose a home center or a hardware store to shop for home improvement items, and also show a strong inclination toward lumberyards, according to a survey of 1,000 pros conducted by The Home Improvement Research Institute last year.

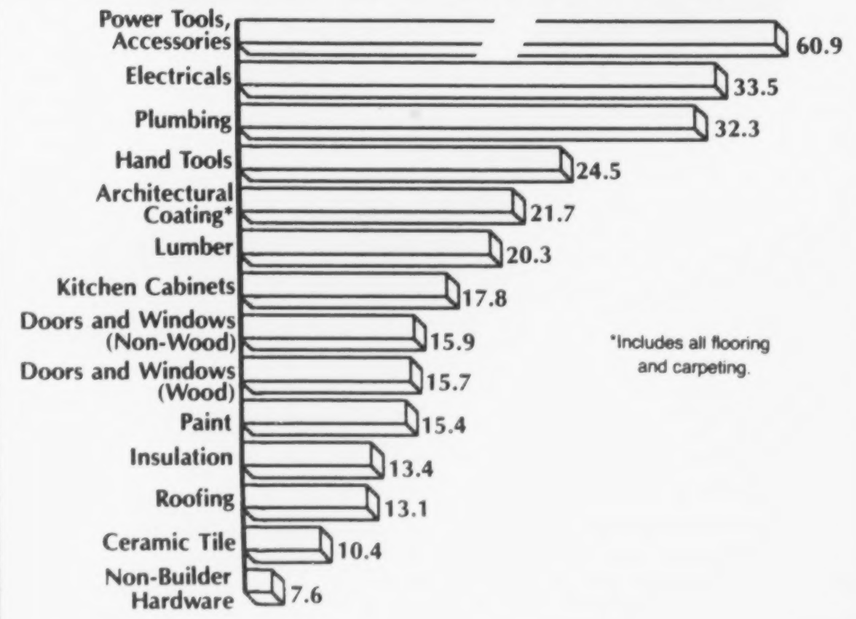
Lumber and paint will remain market sales leaders...



Source: Frost & Sullivan

NHCN chart

...But power tools and accessories are poised for takeoff



Source: Frost & Sullivan

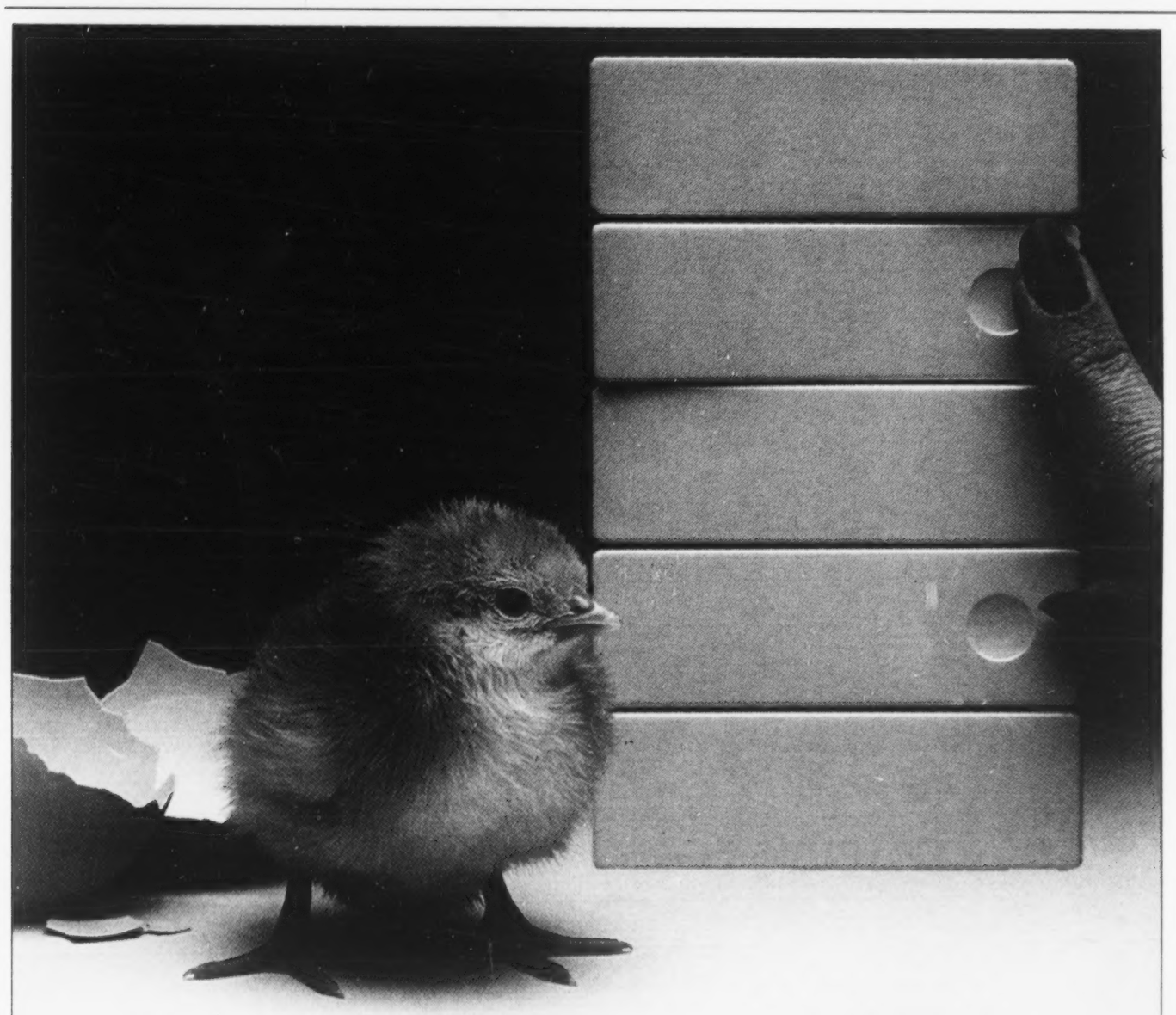
NHCN chart

Major growth in niche product markets and from the buy-it-yourself consumer sector is anticipated for the home improvement industry over the next few years.

A massive market report, published this spring by New York City-based research firm Frost & Sullivan, expects the retail home improvement market to expand annually by an average of 3.8 percent. "The market is in fine shape, but it's suffering the cycles and whims of the economy," said Alex Stzretelski, a retail consultant who conducted the study for F&S.

Stzretelski told *NHCN* that fewer consumers over the next several years are expected to do projects themselves, but they still want to control the buying of products. Hot categories should include power tools and accessories, architectural roofing, windows and any products that provide "convenience."

The study is based partially on interviews with 75 suppliers and dealers—such as Home Depot, Lowe's, Sherwin-Williams, Black & Decker and Owens-Corning—and 110 consumers.



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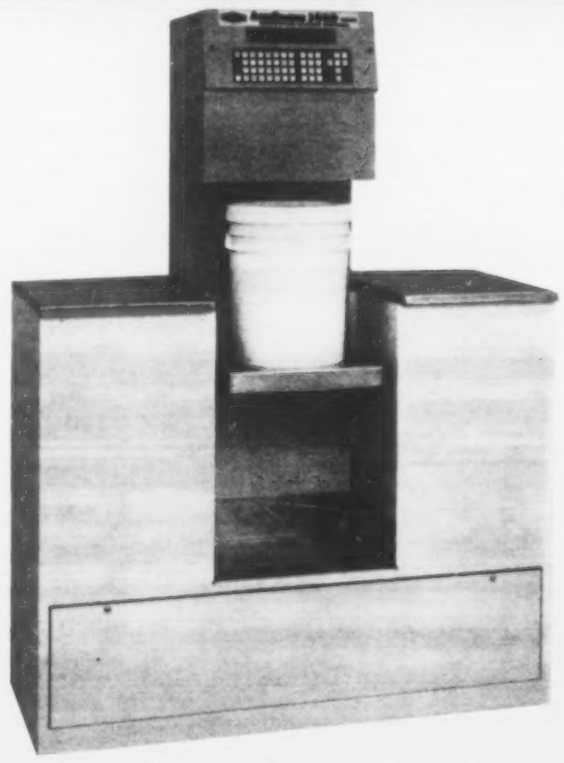

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ServiStar ceo sets departure

(Continued from page 1)
early for the past five years, but I didn't expect it to happen this soon," said Roger Peterson, the president of Ace Hardware Corp., who lauded Zehfuss' "innovation" and his skills as a marketer.

"He's done a good job for them," added Dan Cotter, president of Cotter & Co., who was also surprised at the news.

Zehfuss is the second buying group executive to announce his retirement this year. Don Wolf, president of Hardware Wholesalers Inc., will step down in mid-October.

Zehfuss, who turns 55 on Feb. 3, 1993, joined ServiStar as its controller in 1965, when it was called American Hardware Supply. In 1979 he became its president when he was asked to fill in for an incumbent who had taken ill.

His tenure in that post has been marked by steady and aggressive growth for ServiStar. The co-op, with 3,700 members and $1.4 billion in sales, is now the industry's third largest dealer-owned buying group after Cotter and Ace. Those sales more than quadrupled during Zehfuss' presidency.

"One of my proudest achievements is that we've been able to grow the company aggressively, when other [co-ops] have not, and we've been able to lend support for ServiStar owners to be successful in a competitive environment that's entirely different from 10 years ago," Zehfuss told *NHCN* June 11, the day he announced his retirement plans.

His boldest expansion move was the acquisition, in the fall of 1990, of the assets of Coast to Coast Stores Inc. for $54 million. That brought ServiStar 846 Coast dealers nationwide and, perhaps as important, a distribution center in Springfield, Ore., out of which the co-op has been able to launch its West Coast expansion.

The co-op under Zehfuss also extended internationally. Last year, it signed agreements with Canada's Homecare and Award buying groups to supply their members with hardlines and building products.

At home, Zehfuss was instrumental in getting his co-op to expand the services and programs that it could offer as an incentive to encourage greater dealer involvement with the buying group.

Two hallmarks of those programs have been the development of niche market specialty retailing ventures: Grand Rental Station, a full-service rental store, and Home and Garden Showplace, an upscale lawn and garden center.

In retirement, he said he wants to "pay back society" by getting more involved in "helping the underprivileged," either on his own or with groups focused on those endeavors.

Looking back on his years at ServiStar, where he has spent virtually his entire adult life, Zehfuss said, "I have no second thoughts, no regrets."

CBS confronts credit squeeze

(Continued from page 1)
meant "to allay fears of dealers about the stability of the buying group." The meeting will also introduce Van Conway, a Michigan-based turnaround specialist acting as interim president and ceo, and present "business plan options for the near and long term."

Bret Pobanz, who became president and ceo in late 1988 after his father, Phil, died, was relieved of his duties by CBS' board last month, though Conway said he's still an employee.

Conway said that "a handful" of CBS members hadn't "honor[ed] terms" of the group, and that the extraordinary meeting will "address credit policies of the firm."

According to sources who requested anonymity, CBS' troubles were partly due to its getting stuck with two sizable vendor bills incurred by a North Carolina-based dealer-member and an Illinois-based marketing firm.

Member purchases are billed through CBS. So to improve cash flow, CBS has been sending invoices to many dealers weekly, rather than monthly or bimonthly, which is more typical.

Vendors told *NHCN* that CBS was paying its bills on time. But dealers complain they were writing checks "almost daily" to CBS so it could meet its vendor payments.

Dealers interviewed before the June 17 meeting said they were in the dark about CBS' finances. Expenses are so out of control, said one former dealer in Ohio, that he's been billed for "overdistributions" of rebates paid by CBS as far back as 1988.

Other dealers, who left CBS since January, fear they won't get their original investments—such as capital stock—back in cash.

Conway said CBS' 1991 sales were $315 million from a "loyal" 300 members. Pobanz previously had told *NHCN* the co-op did $325 million from 500 dealers.

Pergament must pay penalty

(Continued from page 1)
through phony 'sales' ads. Nor should they find, when they arrive at a store, that an advertised 'sale' item is not even carried at that location," said New York State Attorney General Robert Abrams, in a prepared statement.

Six stores involved

The investigation was initiated by the attorney general's regional office in White Plains, N.Y., after discovering that a number of products advertised in both the newspaper and circular ads were unavailable in stores.

The regional office focused on six of Pergament's 34 stores—in Peekskill, Fishkill, Port Chester, Spring Valley, White Plains and Yonkers, N.Y.—and found that about 40 percent of the weekly advertised items were unavailable at these locations.

Pergament's ads promoting storewide sales were also found to be misleading. Some items in the "Spring Fix-Up Sale" and "Save up to 50 percent off regular low prices" ads were found to be priced no lower than their regular prices.

On June 3, Pergament agreed "to refrain and desist from deceptive practices and false advertising." It paid $20,000 in penalties and $5,000 in costs and must file an affidavit to stay in compliance with the agreement within 30 days, again in six months and then one year later, said Richard Barr, a spokesman for Abrams' office.

Noncompliance allows the attorney general to sue without prior notification.

U.K.'s No.1 chain to lose chief

(Continued from page 1)
announcement was a shock to an industry mired in deep recession. This year, B&Q reported its first decline in profits, down 5.6 percent to £90.3 million. This month, it discounted everything but lawn mowers by 20 percent to counter Texas Homecare's competitive prices.

B&Q is also abandoning the traditional home center format in favor of 80,000-square-foot-plus warehouses, known as B&Q Depots, that operate on lower margins and prices.

Whittaker of Kingfisher said that Hodkinson's move did not signal a different course for B&Q, which is pleased with the progress of Depot.

"It's a wrench to leave any business after 22 years," said Hodkinson. "But having built and developed it, I can exit without causing too many heartaches." He had postponed his departure until the Depot concept, under development for two years, was ready to "move forward."

Under Hodkinson's leadership from 1985 to 1990, B&Q expanded to 280 units from 175. It remained the most innovative retailer, the first to set up central distribution, introduce an environmental policy and develop a warehouse unit.

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Pay 'N Pak to liquidate units

Prices slashed to pay debt

by Robyn Taylor

KENT, Wash. — Pay 'N Pak plans to begin a massive going-out-of-business sale in its 68 remaining outlets as soon as it gets anticipated court approval of the chain's "managed liquidation."

The sale will go on for 12 weeks. And within 26 weeks, Pay 'N Pak hopes to liquidate the stores completely. The company is discounting its inventory, valued at $130 million, and expects to raise $73 million to pay off part of the $220 million debt owed to banks, bondholders and suppliers.

According to court documents, Pay 'N Pak plans to sell its six company-owned stores and four properties,

(Continued on page 45)

NHCN photo

The $5 million Pay 'N Pak spent remodeling units to its store-within-a-store layout couldn't lift it from bankruptcy.

Builders Square gets new pres.

Discounter joins growing stable of operations execs

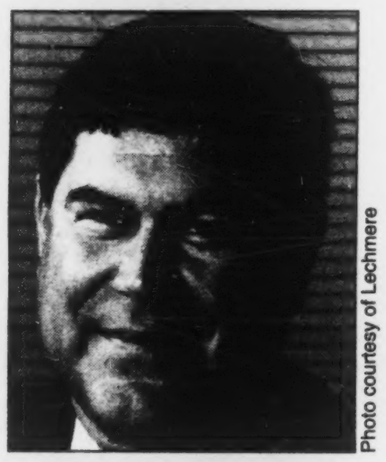


Photo courtesy of Lechmere

Frank Felicella

SAN ANTONIO — Frank Felicella will become Builders Square's new president and chief operating officer, effective Aug. 3. He will report to Glen Mielke, chairman and ceo.

Felicella, 46, is the chain's third executive appointment in the last three months and joins newcomers Bud White, senior vp-merchandising, and Rick Meiser, senior vp-marketing.

The new appointments come at a time when Builders Square is radically changing its merchandise presentation and layout. On July 9, it will debut its new store concept, called Builders Square II, in Sunrise, Fla., with a 6,000-square-foot Idea Center that evolved from its earlier Decor Center.

"[Felicella's appoint-

(Continued on page 45)

E-Lamp: Hyping lighting's next generation

Photo courtesy of Intersource Technologies

The E-Lamp, which uses high-frequency radio waves, can last up to 14 years.

by Elizabeth Brent

NATIONAL REPORT — How does a product that one manufacturer claims was patented in 1935 and that still isn't on the market take the press by storm? Is this the H. Ross Perot of light bulbs?

(Continued on page 45)

Pine exports flood Mexico

Ease of shipping lures suppliers

by Gary S. Ruderman

INTERNATIONAL REPORT — Exports of southern yellow pine to Mexico are expected to nearly triple this year.

Mexico, an emerging market for both U.S.-made hardware products and retail concepts, is expected to take an estimated 36.6 million board feet (Mbf) of this pine from mills in the southeastern U.S. this year, up from 13.5 Mbf in all of 1991, according to estimates by the Southern Forest Products Association, a trade group of southern timber producers.

The trade group believes the Mexican economy is strong. In the first quarter of 1992 the country's economy grew at a 4.2 percent rate, outstripping the 3.6 percent growth for all of 1991.

This economic growth, as well as the recent problems shipping lumber to European markets, prompted new interest in Mexico among U.S. suppliers. Ron Willis, the association's exports manager, said the European Community's demand for kiln-dried lumber is outstripping U.S. production capacity.

Lumber going to Mexico, on the other hand, need not be kiln dried, which is a time-intensive and more costly process.

So companies are looking to Mexico. Georgia-Pacific (G-P), with an office that opened in Monterrey in the second quarter of this year, is said to be the lone U.S. timber supplier with a sales facility in this country.

Other major producers of timber have representatives working out of distribution centers located on the U.S. border.

While G-P has been producing molding and speciality products there, a number of forces makes the exporting of wood

(Continued on page 44)

Grossman's looks south of the border

BRAINTREE, Mass., — Sources in Mexico say that Grossman's Inc. is looking casually at store sites south of the U.S. border.

The local sources report that an outside consultant for the 140-unit chain has been speaking with real estate developers on a very preliminary basis.

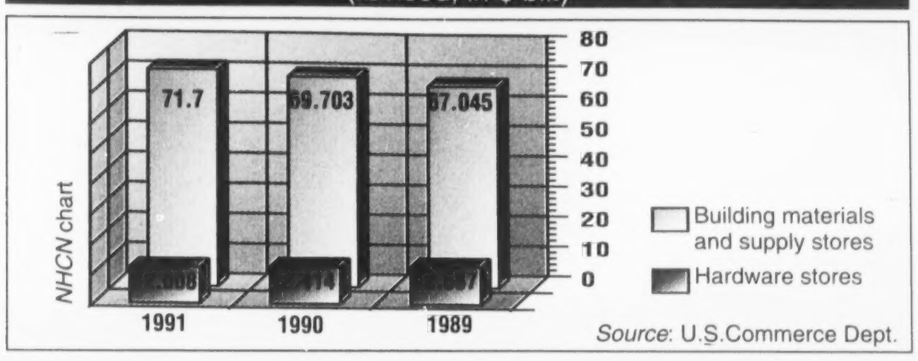
(Continued on page 44)

SECOND CLASS

Lowe's reconfigures merchandising teams p. 6
Coast to Coast's president to retire p. 6
Independents find new ways to compete p. 27

INDUSTRY STATS

Retail Home Improvement Sales
(revised, in $ bil.)



Recently revised Commerce Department figures for retail home improvement sales show a 1.93 percent gain in 1991 (versus 0.2 percent in the previous estimate).

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COMMUNITY SERVICE

Denver yards remodel cabin for camp site

DENVER — Being a good neighbor isn't always easy.

That's what Calvin "Kip" Oram found out when he began assembling a group of 90 Denver-area lumberyards, manufacturers and builders to remodel a century-old log cabin for an Easter Seals camp in the mountains west of Denver.

Oram, president of Alpine Lumber, which operates eight retail and wholesale building materials stores in the Denver area, coordinated the effort on behalf of the Home Builders Association of Metro Denver (HBAMD). But after the project began, in September 1991, he discovered that the cabin had no foundation and that remodeling would be impossible.

So an alternate plan evolved into the construction of a 1,150-square-foot house which will provide living space for staff of the camp for disabled children and adults.

The house, which Oram estimates would have cost $60,000 to $70,000 to have built commercially, was constructed almost entirely by labor donated by local builders and contractors, and with materials donated by companies including Marvin Windows and BMC West.

Boise Cascade supplied $2,000 worth of log siding. The only expenses—concrete and some plumbing parts, which totaled about $1,500—were paid by the HBAMD.

Oram collected much of the donated material at Alpine's Denver store and shipped it to the site with Alpine's trucks. The labor was done by groups of volunteer building crews which each worked a few days on a part of the project.

This project is scheduled to be finished by the end of June.

HBAMD has coordinated several other projects, including the remodeling of a shelter for battered women and a school for disabled children. In addition, the group has built or remodeled about 10 other buildings at the camp.

"If other groups look at what we did and realize how little it cost each participant in dollars and man hours, it would be possible to do, on one scale or another, in any community," said Oram.

Oram also thinks projects like this could help change the negative images of builders and lumberyards often created by environmentalists and the media.

NEWS BRIEFS

Eagle Hardware appoints new vp-finance

TUKWILA, Wash. — Myron Kirkpatrick, who served five years as corporate controller for Costco Wholesale and also had a stint with Gold Circle, joins Eagle Hardware & Garden, the Tukwila, Wash.-based warehouse retail operation, as its vp-finance and chief financial officer.

Most recently, Kirkpatrick was director of finance and administration for the Port of Grays Harbor.

Also joining the four-unit Eagle are two former Pay 'N Pak executives. John Foucrier, Pay 'N Pak's senior vp-operations and administration, becomes Eagle's executive vp-operations. A 22-year industry veteran, Foucrier also worked for Builders Emporium. Dale Cracker, a district manager for Pay 'N Pak, becomes Eagle's vp-store operations.

Pay 'N Pak, the Kent, Wash.-based chain which at one time was run by Eagle's current management and owners, has filed for permission from the bankruptcy court to liquidate its operations.

Many of the companies at the dinner volunteered supplies and labor for various Habitat projects. *NHCN* photo

Aikenhead's holds fund-raiser for Habitat for Humanity

TORONTO — Aikenhead's, Canada's first warehouse store, recently held a fund-raising dinner at which 400 people each contributed $150. The proceeds from this event, totaling $30,430.23, were presented last week to Habitat for Humanity for its work in Canada.

Many of the companies at the fund-raiser, according to a prepared statement, also pledged donations of supplies and/or labor for Habitat projects such as Aikenhead House, the organization's first project in Toronto, that is under construction on the east side of the city.

"When Aikenhead's became our sponsor, we had no idea they'd act this quickly," said Wilmer Martin, president of Habitat for Humanity Canada, about the retail company which only announced its corporate support of the charity two months ago.

India to exhibit at Hardware Show

CHICAGO — Over 20 leading manufacturers and exporters from India are expected to exhibit in two booths at the National Hardware Show next month.

India is a leading Asian exporter of several home improvement product categories, including builders hardware, which nearly tripled to $97 million in 1989, the latest year available.

The country's suppliers also make tools and auto parts.

Its exhibitors will participate at the Show under the auspices of the India Trade Promotion Organization.

Industry to get 'roast' at City of Hope gala

CHICAGO — A multimedia presentation recounting the home improvement industry's 15 years of support for the City of Hope will be a highlight of a streamlined program for this year's benefit, to be held on Aug. 18 at the Hilton Hotel and Towers here.

Photo courtesy of City of Hope

Don Rickles

Speakers and entertainers will be projected live on two huge screens in the hotel's ballroom, giving attendees a much better vantage of events on stage, which will also include a mini-roast of past honorees of the "Man of the Year" award.

This year's recipient is Daryl Lansdale, president of the Scotty's chain in Winter Haven, Fla. Comedian Don Rickles will be the main entertainer.

Over the past 11 years, this industry's council has raised more than $11 million for the Duarte, Calif.-based medical and research center.

HomeBase parent files for public offering

NATICK, Mass. — Waban Inc., the parent company of HomeBase, filed a registration statement with the Securities and Exchange Commission for a public offering of up to $100 million in convertible subordinated debentures due 2002.

The notes covered in the registration statement, filed last month, are being offered by the company and are convertible into shares of Waban common stock.

The net proceeds of the offering will be used to support the company's expansion program, which primarily includes the acquisition of real estate and construction of new warehouses.

Waban, which also operates BJ's Wholesale Clubs, has granted underwriter Wertheim Schroder & Co., Inc. an option to purchase up to an additional $15 million of notes to cover over-allotments.

As of last month, the registration statement had not yet become effective.

'Change' is what puts the successful indys ahead of the pack

by John Caulfield

NATIONAL REPORT — Kabelin True Value Home Centers knew it was still a player in its market of Michigan City, Ind., when the dreaded Wal-Mart, which had opened a store there a year ago, started comparing its prices with products sold in Kabelin's 50,000-square-foot unit.

"My sister [Kabelin's vp-merchandise, Elizabeth O'Brien, who price-shops the discount giant's store] even took the price comparison sign and put it in her purse" as a momento, recalls Diana Corley, vice president for the three-store retailer based in LaPorte, Ind. "That's when we knew we were a factor."

In another state and virtually another competitive universe is Parker's Do-it, a profitable two-store independent based in Port Arthur, Texas, near Beaumont.

The closest Builders Square or Home Depot is in Houston, 100 miles away, and Payless Cashways, a major presence in Texas, doesn't operate any units nearby. That hasn't made life any easier for Parker's, though—not with McCoy's, Sutherland's, some discounters and a host of independent yards operating in the area that's mostly blue-collar and is plagued by 12.5 percent unemployment.

"People whose house is on fire will call to ask how much your fire extinguishers are," says owner Richard Parker, about the area's price-anxious consumers. "Competition down here is as strong as anywhere in the country, and we've got only ourselves to blame."

You have entered the world of the independent home improvement dealer, where prosperity is measured by how well smaller retailers negotiate land mines of big-chain competitors, thin margins and fickle customers.

It's a world where any appreciable increase in overhead expenses can spell financial doom, where competitive viability often hinges on one's affiliation with a co-op and where "independence" itself means different things to different dealers.

Yet, despite all the hazards in the market, the independent remains a vital force in the home improvement industry.

Niche merchandising and marketing, a well-thought-out variable pricing strategy, and attentive customer service continue to be the keys for independents, many of which are also making serious investments in store remodeling, product assortment refinement and, in rare cases, new store expansion.

"A lot of us have matured," says Michael Carty, president of the four-store Butz Building Centers in Palmerton, Pa., which generated $19 million in sales last year. "We used to be fat, dumb and happy and were reacting to the market instead of acting. That's changed."

'Sticking to knitting'

The following special section examines how five independents are adapting to very unique market situations (*see contents*). One has scaled back unprofitable products; another is coping with the sudden death of its energetic president; still another was forced to make adjustments to unforeseen market forces.

"Change" is what separates successful and unsuccessful independent retailers. But change is often in the eye of the beholder, especially among independents that have been in the same market for more than a century and thrive on being a constant, reliable presence in the market for their customers.

"We're sticking to our knitting," insists Fred Sachs, general manager and vice president of Smoot Lumber, a stalwart in the Alexandria, Va., market since 1858 that currently faces stiff challenges from other independents as well as Home Depot and Hechinger.

"There's always going to be competition. We've been around for a long time, and we have to stick to what got us here."

(Continued on page 32)

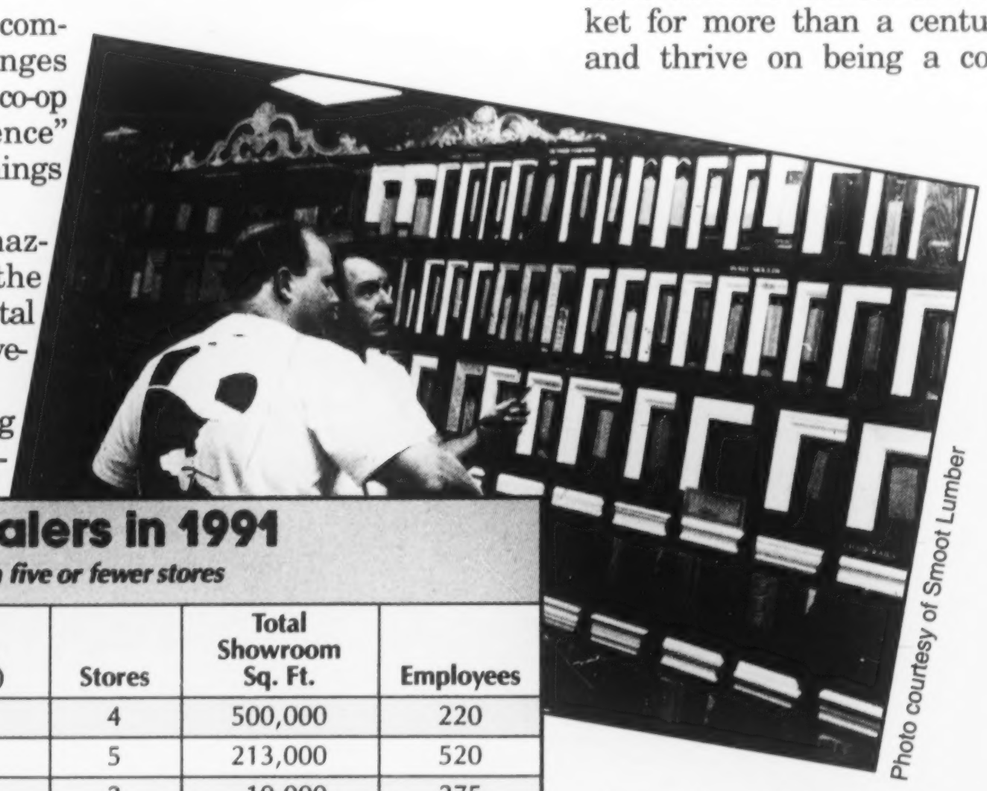


Photo courtesy of Smoot Lumber

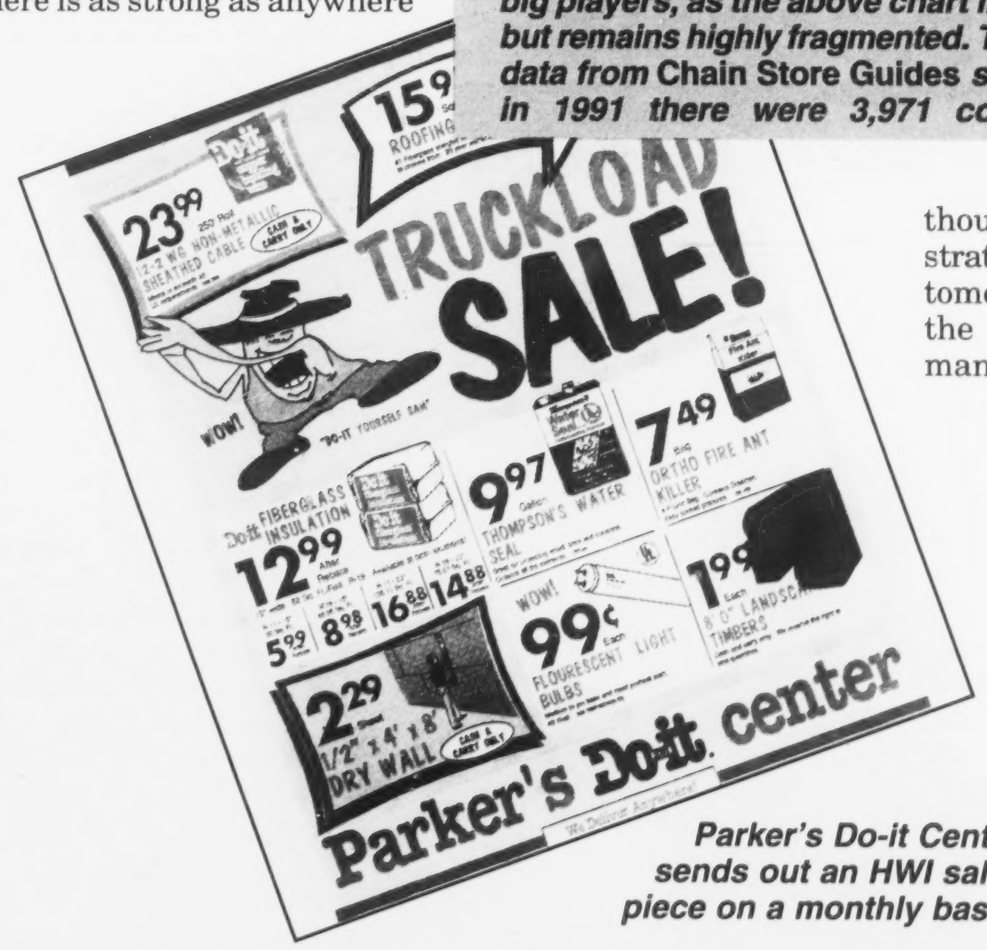
Smoot Lumber's showroom boasts a display of more than 700 molding profiles.

The Top Independent Dealers in 1991

Companies among the industry's top 500 with five or fewer stores

	Company	Sales ($ Mil)	Stores	Total Showroom Sq. Ft.	Employees
1	Builders Discount, No. Hollywood, Calif.	70	4	500,000	220
2	National Home Center, Springdale, Ark.	70	5	213,000	520
3	Scherer Brothers Lumber, Brooklyn Park, Minn.	70	2	10,000	275
4	Lyman Lumber, Excelsior, Minn.	70	3	75,000	150
5	Star Lumber & Supply Co., Wichita, Kan.	63	4	90,000	475
6	Blackstone Co., East Brunswick, N.J.	55	4	100,000	200
7	City Mill, Honolulu, Hawaii	53	5	225,000	420
8	Henry Bacon Building Materials, Issaquah, Wash.	52	5	80,000	350
9	Brown-Graves Co., Akron, Ohio	52	4	60,000	200
10	Ganahl Lumber, Anaheim, Calif.	52	3	50,000	250
11	San Lorenzo Lumber, Santa Cruz, Calif.	51	5	15,000	240
12	Goodman Lumber, San Franciso	50	4	210,000	250
13	Hamilton Lumber & Home Center, Hamilton, Mich.	50	3	75,000	60
14	Bellevue Builders Supply, Schenectady, N.Y.	48	1	42,000	195
15	Fox Home Center, Chicago	47	4	20,000	100
16	H.P.M. Building Supply, Hilo, Hawaii	47	5	21,600	240
17	Bison Building Materials, Houston	46	4	6,000	375
18	Riverhead Building Supply, Riverhead, N.Y.	46	4	15,000	180
19	Builders Supply, Omaha, Neb.	42	1	20,000	200
20	Big Tin Barn, Conroe, Texas.	42	5	9,000	110
21	Causeway Lumber, Ft. Lauderdale, Fla.	42	2	8,350	215

The independent universe has several big players, as the above chart indicates, but remains highly fragmented. The latest data from* Chain Store Guides *show that in 1991 there were 3,971 companies selling home improvement products out of one store, 968 companies operating only two stores, 353 operating only three, 200 operating four and 99 operating five units each.



Parker's Do-it Center sends out an HWI sales piece on a monthly basis.

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Independents dealers need more than loyalty to retain the patronage of customers in face of the home center onslaught.

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Employee expertise a key asset for success

(Continued from page 27)

Nevertheless, Smoot, which got about 20 percent of its $17 million in sales last year from retail transactions, has established some niches that help it compete. For example, its operation—a 15,000-square-foot showroom and 100,000-square-foot drive-through warehouse—features more than 700 profiles of molding, which Sachs claims is the largest assortment available in the market.

It also maintains a custom mill manned by 10 bench mechanics.

Frierson Building Supply, a $23 million independent, has been serving the Jackson, Miss., market for more than 30 years. "We've been here a long time, and our customer relationships are based on a lot of tradition," says Kimberly Salter, director of advertising for Frierson, whose main competitors are Lowe's, Sutherland's and 84 Lumber.

But within the context of that tradition, Frierson, which also operates a millwork shop, last year developed a prefabricated cabinet department whose inventory is supplied by Kitchen Kompact and Kemper. And this summer, the company is building a deck display next to a "Bargain Center" shed outside the store where closeouts and seconds have been sold.

Service an advantage

One thing independents don't want to change is the perception of their stores as places to go for assistance.

All the independent dealers contacted for this article say the expertise of their employees is their single greatest advantage over big chains, which independents still describe as mostly impersonal and faceless shopping environments with little help to shoppers.

"Our personnel is our greatest strength, and we've become a lot more attentive to the customer," states Butz's Carty, who adds that his employees have even forsaken pay raises during tough times.

Smoot Lumber, with 70 employees, also points to its customer service as the reason why customers keep coming to its stores. "We're selling building materials and service, and in metro D.C. you can go to any number of dealers for product," advises Sachs.

Part of that service orientation includes holding how-to clinics in its stores and stressing clinics "instead of price" in its advertising, explains Sachs. In the spring, the company runs a clinic every other week.

Experimenting, cautiously

When independents experiment with new services and programs, though, their margin for error is usually much smaller than the big chains, which tends to make them a bit more cautious.

For example, a few years ago, Butz Building Centers developed a five-person outside sales team as a way of attracting more contractor business in a market where its stores compete against 84 Lumber, Triangle Building Centers and Hechinger.

Outside selling, though, "has pros and cons," says Carty, the company's president. "It did produce incremental sales. But it's very difficult to qualify a customer; contractors have cash-flow problems, too. We've been very careful and have even turned away good customers."

Before deciding to commit funds for a computer system

(Continued on page 34)

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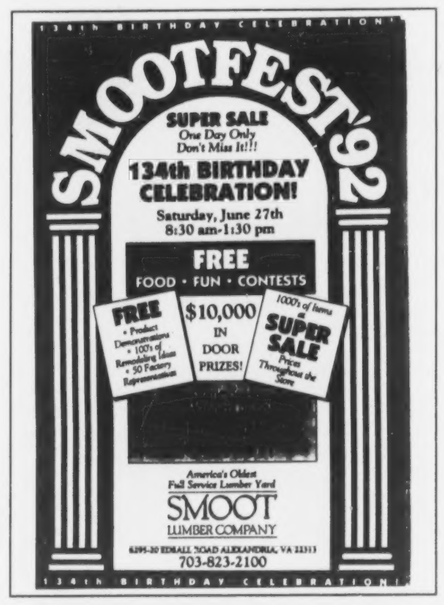
Buying groups can bolster aggressive stance

(Continued from page 32)
for its Michigan City unit, which is its biggest-volume store, Kabelin worked the bugs out of the system by installing the first systems in its 67,000-square-foot headquarters store and its 16,000-square-foot unit in the small town of Walkerton, Ind., says Corley.

Independent dealers that want to stay aggressive but reduce some of their risk often turn to their buying groups for support and for programs that have a proven track record.

For example, ServiStar Corp. sent a merchandising team to Frierson Building Supply's 7,000-square-foot store a few months ago to help the company get a better handle on its hardlines assortment that makes up a good chunk of the store's 15,860 skus, says Salter, the company's ad director.

Kabelin Home Centers is a big participant in Cotter & Co.'s advertising circular program, distributing 12 True Value and 12 V&S Variety circulars annually. At the co-op's urging, Kabelin also initiated a commercial sales program two years ago. Parker's, the Texas independent, has installed the Do-it store design concept from Hardware



Smoot Lumber goes all-out to be a welcoming place.

Wholesalers Inc., is sending out an HWI ad piece monthly and is following the co-op's variable pricing recommendations.

Paradoxically, the co-ops complain that too many independent dealers still cling to old-fashioned notions of autonomy by resisting closer ties to the buying groups as the way to remain competitive against big, well-financed chains.

Cost-cutting crucial

It remains to be seen how

Paradoxically, the co-ops complain that too many independent dealers still cling to old-fashioned notions of autonomy.

tightly independents are willing to latch themselves to their co-ops. But what is certain is that these dealers have got to find ways to remain aggressive and competitive in the market within the limited confines of their financial resources.

For example, Parker of Parker's Do-it complains that his company's future prosperity will depend on "containing expenses. Health insurance alone is killing us." At the same time, this October the company is scheduled to open its third store, a 20,000-square-foot unit, in Orange, Texas, that Parker estimates will cost around $750,000 to build and stock.

New store expansion isn't an option for most independents, which is why Carty of Butz Building Centers sees a less expensive course of action for growth that could serve as all independent dealers' mission.

"We've got to nurture our existing customer base," he says.

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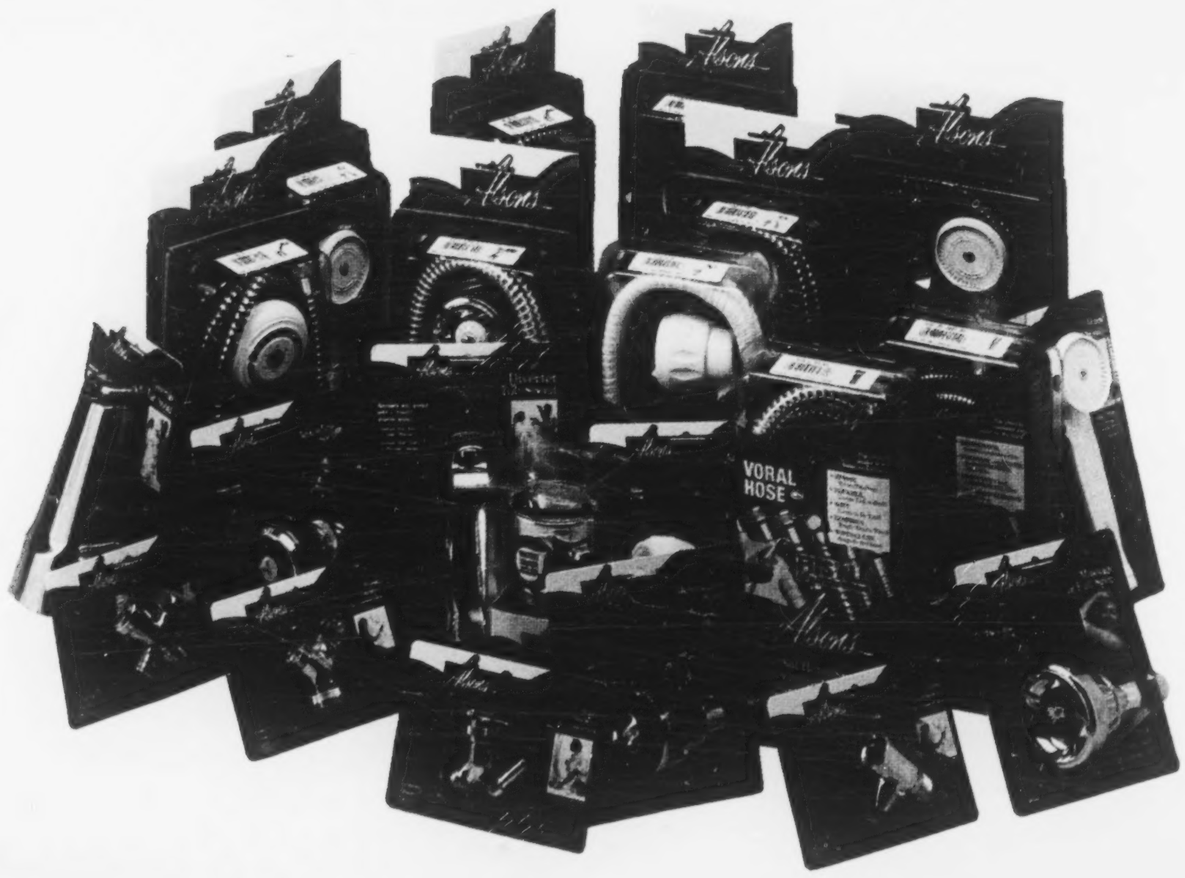

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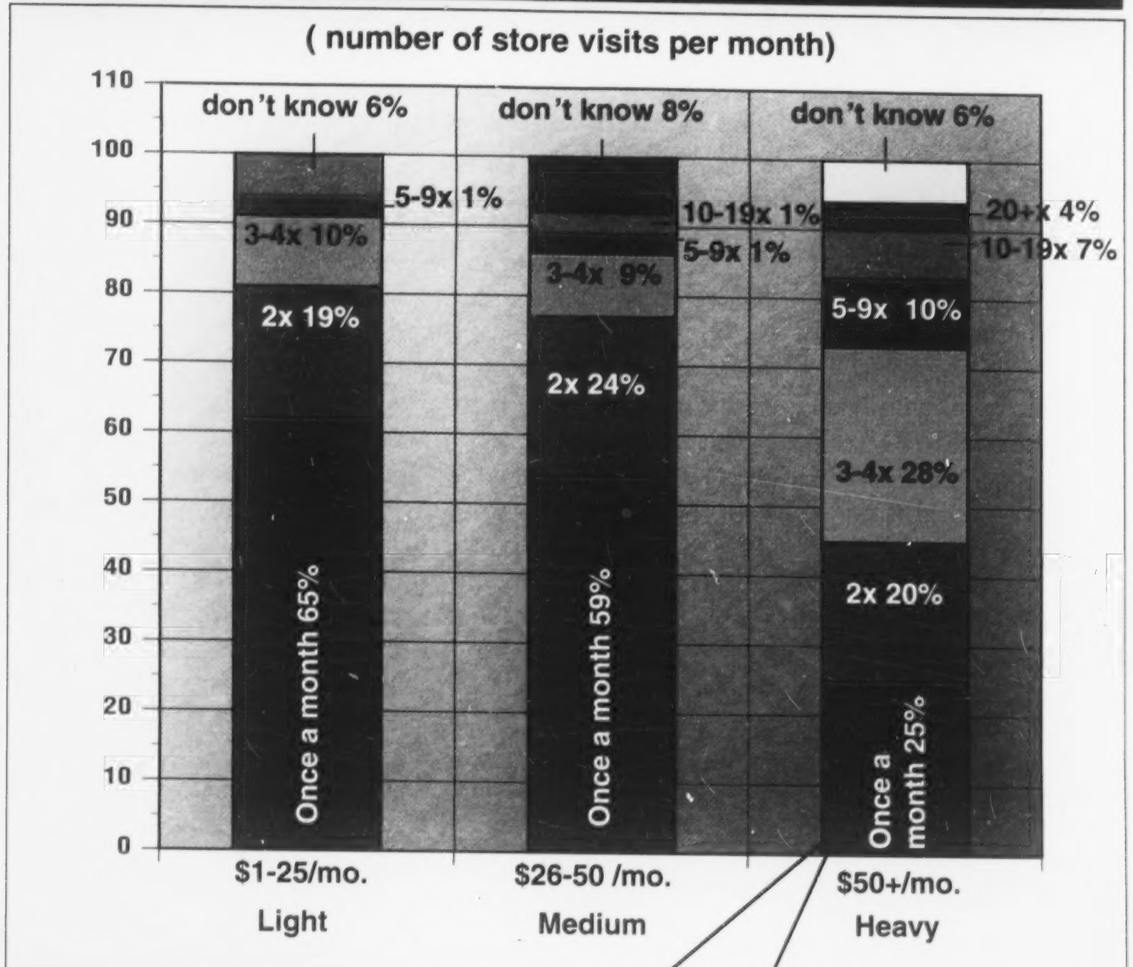
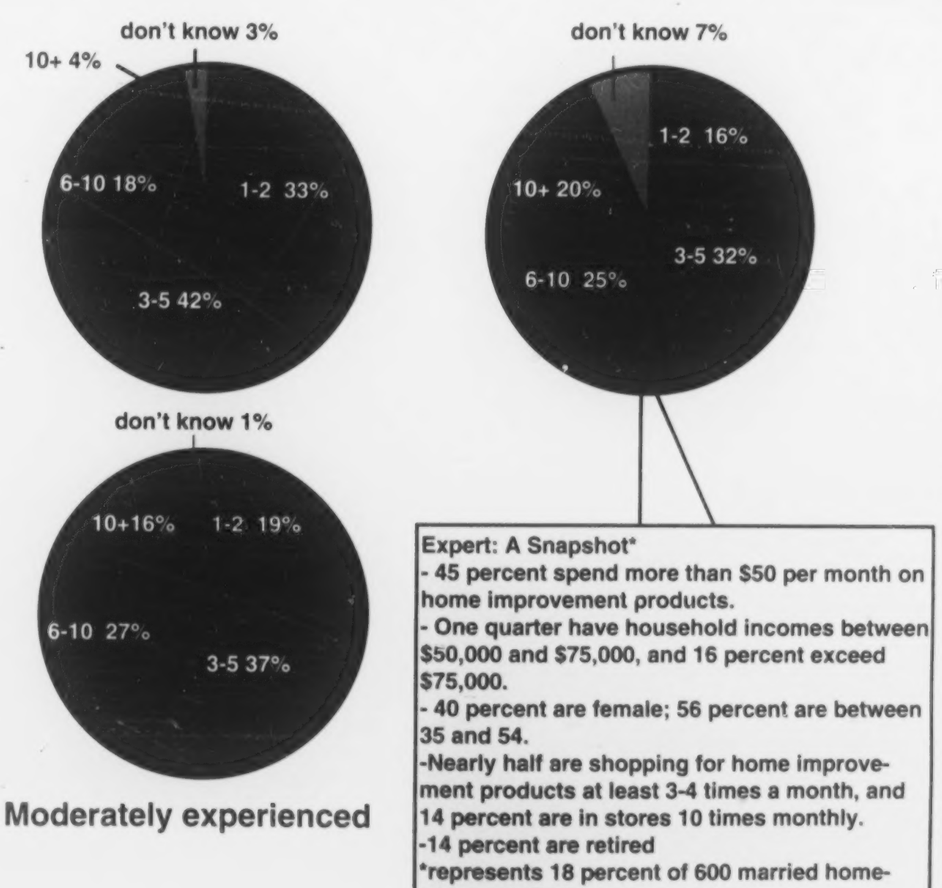


Big Spender: A Snapshot*
-27 percent say they're expert DIYers
-3 in 10 did between 3 and 5 projects the previous year; about the same number did 6 to 10 projects.
-43 percent are women ; one-third are between 35 and 44.
-30 percent have household incomes of $50K - $74K.
-one in 5 is a service worker ;1 in 7 is retired.
* represents 183 of 600 married homeowners polled who spend more than $50 a month for home improvement products.

The "Expert" DIYer is also the most active

(number of DIY projects completed in previous year)



Expert: A Snapshot*
- 45 percent spend more than $50 per month on home improvement products.
- One quarter have household incomes between $50,000 and $75,000, and 16 percent exceed $75,000.
- 40 percent are female; 56 percent are between 35 and 54.
-Nearly half are shopping for home improvement products at least 3-4 times a month, and 14 percent are in stores 10 times monthly.
-14 percent are retired
*represents 18 percent of 600 married homeowners polled.

Source (both charts): Gold Bond Building Products, Elrick & Lavidge
NHCN charts

You may recognize the two charts above, which ran in our June 22 Consumer Attitude Study. However, production gremlins caused some of the information to disappear off these charts mysteriously. While the gremlins may still be at large, we felt the information was valuable enough to rerun in full, this time with the complete data.

Lowe's revamps operations with eye on future

(Continued from page 6)
er before rushing in with plans."

Making room at the top

Another source, a buyer who recently left the chain, said that the progress in efficiency that Tillman has achieved in merchandising has yet to be duplicated on the operations side of the business. To that end, the chain has made one organizational change, and is reportedly considering another.

Last month, Lowe's hired an outside consultant, William L. Irons of Ernst & Young's Management Practices Group, to the newly-created slot of senior vp-information services. He will report directly to president Leonard Herring.

Chairman Bob Strickland said that Lowe's wanted Irons for his expertise in integrating diverse technologies in a single organization. His task will be to pull together Lowe's computer infrastructure, which comprises hardware and software from a number of disparate vendors.

In another move to focus on improving operations, several sources report that Lowe's is searching for a chief operating officer, and is looking at candidates both within and outside the company. These sources indicate that the two men with the inside track on the new slot are Tillman and executive vp Wendell Emerine.

The speculation among Lowe's watchers is that if Emerine gets the job, he may tighten up the budget so that merchandising department innovations may be slower in coming. The company is currently about nine months ahead of schedule in reorganizing the department. If Tillman gets the job, merchandising will continue to get his attention, possibly at the expense of operations.

Either way, one of the merchandising vice presidents will step into Tillman's or Emerine's job: probably Greg Bridgeford for Tillman or Larry Stone for Emerine. One of the others would move to the next available vice president slot, leaving just two merchandising vice presidents. And ultimately, the new chief operating officer would succeed either Strickland, 64, or Herring, 61.

Officials at Lowe's would neither confirm nor deny that the 307-unit retailer is looking for a chief operating officer, but a spokesman did concede that the company is always looking at the future.

"Our due diligence dictates that we constantly look from within and without the firm for the best talent to carry our company forward," said W. Clifford Oxford, Lowe's vp-corporate relations, who added that the company has no immediate plans to replace its two most senior executives.

Coast to Coast pres. to retire

(Continued from page 6)
Griffith's slot at Brookings, which services 525 of Coast's hardware dealers, will be filled by Charlie Green, the buying group's vp-management information systems.

Also moving up the ladder is Rollie Carlson, 47, the company's vp-marketing, who has been promoted to senior vp overseeing the buying group's merchandising and advertising functions.

Tumultuous later years

The 64-year-old Hoffman began his career in 1948 with the wholesale distributor Hibbard-Spencer-Bartlett which, in 1963, was purchased by Cotter & Co. He joined Coast as a buyer in 1960 and became its vp-merchandising in 1972. Ten years later Hoffman was Coast's senior vp-marketing, and also held executive positions in customer relations and operations before becoming president in 1989.

During his later years, Hoffman presided over a company, at one time servicing more than 1,000 dealers nationwide, that became the prize in a bidding war between ServiStar and its rival, Hardware Wholesalers, Inc., when in 1990 Coast was put on the block by its parent, Amdura Corp., after Amdura went into Chapter 11. ServiStar finally wound up buying Coast's assets, and signing 846 of its dealer-members, on Aug. 20, 1990 for an estimated $54 million.

Hoffman could not be reached for comment, but in a prepared statement said that it was his belief that he was leaving a company that "is strong and poised for future growth." Carlson told *NHCN* that Hoffman's decision to retire was not a surprise.

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CBS seeks bailout from ServiStar

Buying group would not assume broker's liabilities

by Gary S. Ruderman

STURGIS, Mich. — Faced with mounting cash problems that could either bankrupt its dealers or itself, Central Builders Supply, the lumber and building materials broker here, is seeking to relinquish its independence to ServiStar.

The idea of merger, which CBS' members rejected last month, was forced upon the buying group when its prime lender, Ameritrust Bank, declined on June 30 to extend it line of credit. Ameritrust, according to internal CBS documents obtained by *NHCN*, told the buying group in April that it sought to sever relations.

The deal with ServiStar, already the industry's third-largest dealer-owned buying group, is "not an acquisition and not a merger in any way, shape or form," said Al Mielcuszny, senior vp of finance for the Butler, Pa.-based ServiStar. "It's a new situation. The old CBS and [its] liabilities will not be part of ServiStar. It is a venture with the old CBS members to structure some type of an arrangement."

Mielcuszny contended in early July that the whole venture was "very iffy right now." He would not elaborate, as negotiations with CBS were still in an early phase.

(Continued on page 48)

Hechinger Co. seeks divisional president

Would also head up Home Project Centers

LANDOVER, Md. — Hechinger Co. may seek a new president to run its 11 Home Project Center stores and 76 Hechinger stores, as the corporation continues to push more operating decisions down to the divisional level.

At present, the company's Home Quarters Warehouse and Triangle Building Centers divisions have their own presidents, and Hechinger recently reorganized to run the Hechinger stores the same way, according to W. Clark McClelland, senior vice president of finance.

A new appointee would be in charge of day-to-day operations of the Hechinger stores, and be in charge of the rollout of the Home Project Center concept to new markets. Hechinger recently announced it planned to install Home Project Centers—huge departments that showcase projects for kitchen and bath, decks and millwork—in all its stores.

The corporate chain of command would remain the same, with Steve Bachand as executive vp and chief operating officer and John Hechinger Jr. as president and ceo.

"It depends whether Steve, who chairs the operating committee, needs to add an individual to fulfill his total corporate responsibilities," said McClelland. "We've talked about it and thought about it, but we're very cost-conscious."

Dealers now view lawn & garden as 'bread and butter' department

by Elizabeth Brent

NATIONAL REPORT — Dealers are making major changes in their lawn and garden departments, as they recognize the potential for sales and profits. Many are improving the upkeep of their nurseries and lengthening the selling season.

"Lawn and garden is a tremendous draw, like bread and milk is to a supermarket," said Frank Doczi, president and ceo of Home Quarters Warehouse. "I envision that it is the most frequented project."

HQ has consistently expanded its outdoor lawn and garden area so that it now occupies 40,000 square feet in its newest 100,000-square-foot units in Cincinnati.

The larger chains and warehouse companies continue to capture market share from traditional garden stores. Lowe's and Home Depot are now among the top 10 retailers for lawn and garden sales listed by the magazine *Nursery Business Retailer*.

NHCN photo

At HQ's new Cincinnati units, lawn & garden gets top billing with 40,000 square feet devoted to it.

Lawn & Garden Power Department Report begins on page 9

Getting bigger

As dealers switch from selling add-on items to major projects, they are making considerable investment in the lawn and garden category. Some have added in-store greenhouses, new watering devices, shading screens and dedicated personnel, as well as separate checkouts.

Home Depot is testing a 6,000-square-foot indoor greenhouse in two distinct markets, the Atlanta suburb of Duluth, Ga. (whose greenhouse is glass-enclosed) and the Lake Worth, Fla.. area (whose house is canvas-covered).

(Continued on page 47)

Pergament tries again with specialty format

MELVILLE, N.Y. — Pergament Home Centers is resurrecting the development of a small specialty store.

The 34-unit chain will test a 10,000-square-foot unit this fall that sells only paint, flooring and wallcovering, three categories that are among Pergament's merchandising calling cards.

The company is considering calling the store "Pergament Plus" or "Pergament Express," but has not yet decided on a name, according to chief executive officer Robert Tammero.

To roll out the prototype, Pergament has established a separate division headed by the general manager of Hoboken Paints, Arthur (Art) Clemente, who reports to Tammero.

"Murray Pergament [the chain's former ceo] obtained great franchise in the paint business for very high quality paint. Over the past [Pergament has] built a strong wall-

(Continued on page 46)

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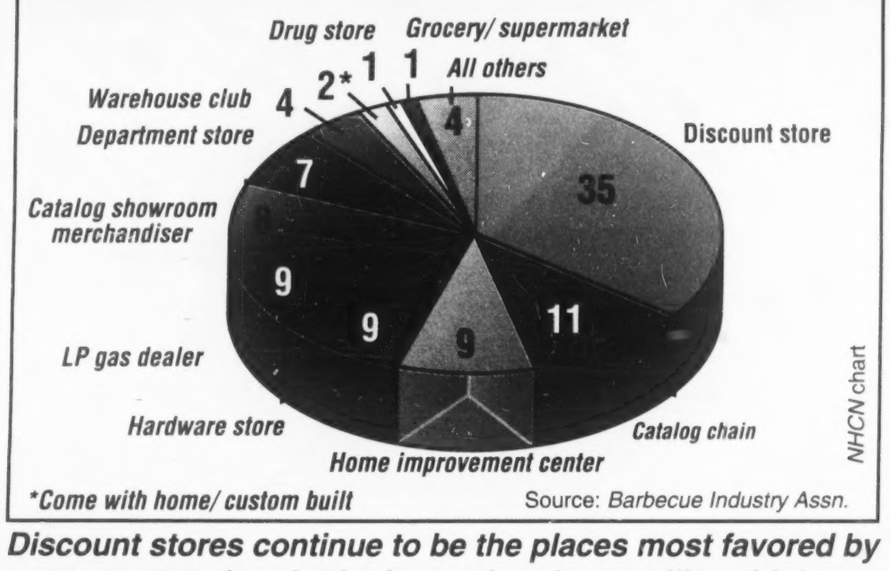
INDUSTRY STATS

Where consumers go to buy gas BBQ grills
(% of purchases captured by retail segment)



*Come with home/ custom built

Source: *Barbecue Industry Assn.*

Discount stores continue to be the places most favored by consumers to buy both charcoal and gas grills, with home centers capturing about 9 percent of gas grill sales.

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Western Lumber left with one retail store

NATIONAL CITY, Calif. — Western Lumber, once a dominant lumberyard chain in San Diego County, has closed the retail store at its Temecula yard and is contracting out what little business is left at its truss yard here.

Western is now left with one retail store and full-service lumberyard in Oceanside. The Temecula location still operates its yard for contractors only, said executive vp E. Michael McMahan.

McMahan said there just wasn't enough retail business to keep the store open and home building in the area has slowed so dramatically that the company couldn't possibly operate its truss plant.

Five years ago Western had 11 yards, but the lack of residential construction and tough economic times forced the company to start closing units and laying off employees.

Last April, Western's former president, Newell Lavoy, left the company to accept a position as president of Builderway Inc. McMahan assumed Lavoy's responsibilities, in addition to serving as chief financial officer.

Western Lumber still has not replaced Lavoy and currently has no plans to do so, McMahan said.

Home Depot gets set for Midwest entry

OAK BROOK, Ill. — Home Depot officially enters the Midwest on Aug. 1, when it is scheduled to open a real estate office in this Chicago suburb.

Michael Folio, manager of the 185-unit, Atlanta-based chain's real estate operation in Florida for the last 2 1/2 years, will be in charge.

A spokesman for Home Depot said there were no immediate "market priority plans" yet for the Midwest, meaning that the company has yet to identify which cities would be the locations for Home Depot's first stores.

This source reiterated Home Depot's plans to have two stores in the Midwest by the end of 1994 and as many as 50 stores up and running by the end of 1996.

NEWS BRIEFS

Lowe's defies industry woes as sales jump

NORTH WILKESBORO, N.C. — Contrary to complaints by many dealers in the industry that their sales had fallen off after early April, Lowe's Cos. reported a 20 percent gain in its business in June to $313.8 million.

The 305-unit chain said a sizable portion of that increase was attributable to the 23 percent jump in retail sales to $217.8 million. Retail transactions accounted for 69 percent of Lowe's total volume in that month.

Even the company's contractor sales rose by 14 percent to $96 million in June, an indication that parts of the Southeast were shaking loose from the home building slump that pervades much of the nation.

Sales at the 275 stores Lowe's has had opened for more than a year grew in June by 13 percent to $261.5 million. And the company saw a huge increase in business from those outlets that have more recently been opened or been made larger through remodeling or relocation. In June, these sales skyrocketed 99 percent to $51.4 million.

In this period, Lowe's opened relocated stores in West Richmond, Va.; East Asheville, N.C.; West Columbia and Anderson, S.C.

Georgia-Pacific vice chairman calls it quits

ATLANTA — Realizing he would not succeed to the post of chief executive officer, the vice chairman and a board member of Georgia-Pacific Corp. chose early retirement effective July 31.

Ronald D. Hogan, who had been with the forest products concern since 1965, announced his resignation June 29.

"When it was clear, after numerous discussions, that it was unlikely Ron [Hogan] would succeed to the ceo position . . . we decided his early retirement would be mutually beneficial," said G-P's chairman and ceo, T. Marshall Hahn Jr., in a prepared statement. "Ron Hogan has been a valuable member of Georgia-Pacific's executive management team," Hahn said.

There were no plans to fill the post of vice chairman.

Photo courtesy of *Working Woman*

Working Woman's *Jeri Sedlar*

Women's group picks Hardware Show speaker

CHICAGO — Jeri Sedlar, editor-at-large of *Working Woman* magazine, will be the featured speaker at Women in the Hardware Industry's upcoming luncheon next month.

Open to both members and non-members, the networking luncheon will take place during the National Hardware Show at McCormick Place here.

Sedlar, who motivates women around the country to reach their highest personal and professional goals, will address the topic, "What Women Can Expect in the '90s."

For reservations and additional information, please contact Lori Williams Kirby at (313) 744-4500.

S. Calif. dealers recover from recent quake

YUCCA VALLEY, Calif. — Builders Emporium's store here experienced significant damage when the unit was jolted by last month's earthquake.

The quake, which measured 7.4 on the Richter scale, was centered just miles from the store.

Most of the merchandise fell off the shelves, yet all of the fixtures remained intact. The store was shut down for a week as a hazardous materials crew worked on cleaning up the mess and resetting steel supports, said Darrell Heun, BE's vp-marketing and store planning.

The shaken store, which just opened eight months ago, is one of the chain's new reformatted units.

HomeBase offered victims of the June 28 earthquakes a 10 percent discount on all merchandise sold at its warehouse home centers in San Bernardino, Palm Desert and Victorville. The discount was granted upon request from July 3 through 12.

The stores also accepted disbursement vouchers issued by the American Red Cross, good for buying construction materials, building supplies and assorted other items.

Green DIY to add unit; execs run Irish chain

UCKFIELD, England — Green DIY directors Ted Lansdowne and Doug Spickernell will be adding their first franchise store this fall, and are now running a four-unit company called Woodies diy in Ireland.

Both were called in 18 months ago as consultants by Woodies' Irish parent, Grafton Group plc. Woodies stores range from 14,000 to 32,000 square feet and target only DIYers. The company generates £10 million in revenues.

"Woodies was badly managed, badly ranged and had no margin control," said Lansdowne, who expects the company to break even this year. Having overhauled the management and systems, the two execs are preparing to roll out three more units in Dublin by year-end.

Their own business, Green DIY, will open its first franchise store in Kent, in southeast England, run by two former Payless DIY managers. This 10,000-square-foot store is slightly bigger than the flagship units but will have the same computer systems, software programs, product range and share in advertising costs.

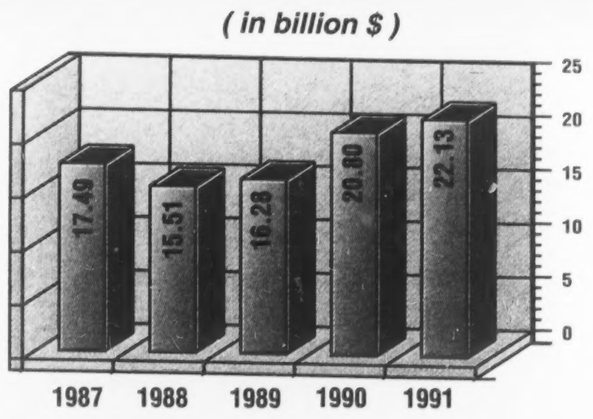
HomeBase parent seeks $100M capital

NATICK, Mass. — Waban Inc., HomeBase's parent company, will offer $100 million of convertible subordinated debentures, due 2002.

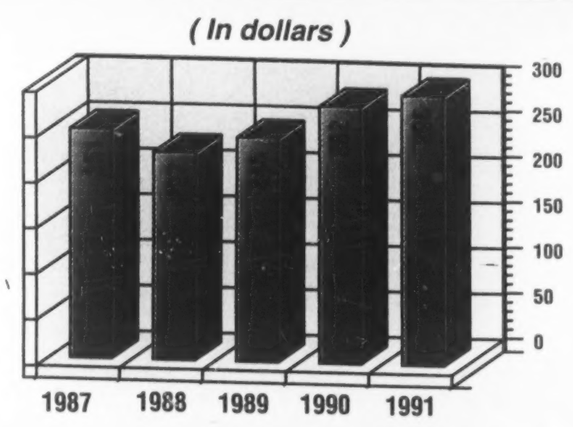
The notes, approved for listing on the New York Stock Exchange last month, are convertible into common stock of the company at a conversion price of $24.75 per share. They cannot be redeemed before July 15, 1995.

Waban, also parent to BJ's Wholesale Club, will use the net proceeds of the offering to support the company's expansion program.

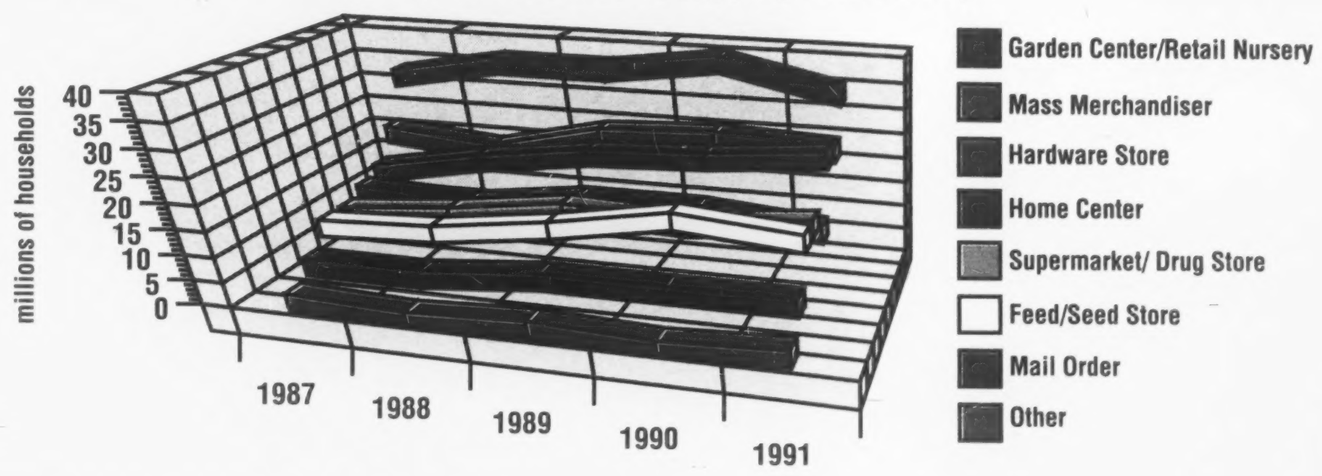
Trendline: U.S. Household Lawn and Garden Retail Sales 1987-1991



Trendline: Average U.S. Household Spending on Lawn and Garden Activities 1987-1991



1987-1991 Lawn and Garden Retail Outlets



Source: National Gardening Association.

NHCN charts

Home centers may have lost some ground as preferred places for consumers to shop for lawn and garden products last year.

The number of households estimated to have shopped in a home center for these products declined by 10.5 percent in 1991 to 17 million, according to nationally projectable research, based on interviews with 2,000 households, completed for the National Gardening Association (NGA) by the Gallup Organization.

Total retail lawn and garden sales at all outlets grew by 6.4 percent to $22.1 billion in 1991, compared to the 27.7 percent sales jump achieved in 1990 versus 1989, and 4.9 percent in 1989 over 1988.

"Six percent growth is good compared to other kinds of retailing," said Bruce Butterfield, NGA's research director. "But the only sales increase [by retail group] last year was by mass merchants, which tells me that people are counting pennies."

Last year did show some strengths. Landscaping sales rose sharply, by 26 percent. And vegetable gardening sales increased by 19.4 percent, which Butterfield attributed to recessionary times. "We saw these same kind of increases during the last two recessions in 1981 to '82 and 1974 to '75," he recalled.

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Improved seed varieties engineer higher sales

(Continued from page 9)

Bound Brook, N.J.-based Lofts Seeds that's been enhanced with endophyte, an insect-resisting fungus. Other marketers with improved products include O. M. Scott & Son and Pennington Seed.

Other seeds 'improved'

The effort to build better seeds isn't restricted to turf grasses. In response to consumer demand, flower and vegetable seed growers, such as Warminster, Pa.-based Burpee, are marketing seeds that produce hardier and, often, more compact plants, including dwarf varieties.

For home centers, seeds can be important business. Homeowners shell out an estimated $100 million for grass seeds at all retail outlets each year, and perhaps another $200 million for flower and vegetable seeds, according to growers contacted by *NHCN*.

According to one vendor, a large home center store such as one operated by Home Depot can move up to 100,000 pounds of grass seeds a year; smaller stores might sell about 30,000 pounds.

Sales sprouting

The profitability of the product, then, could be considerable, as some "engineered" grass seeds can retail for as much as $4 or more per pound (compared to less than $1 for a common, unimproved variety), and dealers can capture gross margins of 35 to 40 percent.

Sales in the seed category this year have been up significantly from last year for a number of retailers. At San Antonio-based Builders Square, grass seed sales are up 30 to 35 percent, according to Roger Hittinger, divisional merchandise manager.

At Ace Hardware, meanwhile, sales to its dealer-members of all seeds are running "a little over 20 percent" ahead of last year, says John Poss, lawn & garden buyer. Improved varieties have performed even better, with some dealers reporting increases of 40 to 45 percent.

One reason for the sales upswing: last year's severe drought conditions, which ruined lawns in many areas of the country.

Still, consumer education remains the big challenge for retailers looking to capitalize fully on these improved, higher-priced seeds.

With knowledgeable salespeople at a premium in any seasonal department, some dealers have to rely on packaging as a key selling tool.

"The package will have to tell the customer why that type of seed will cost him a bit more per pound," says Poss of Ace Hardware.

Many products bear catchy names to help consumers instantly identify their main benefits. Scott's Shady Splendor and Emerald Estate are two examples. But not everyone agrees that packaging alone will do the trick.

"It's something that needs to be verbally explained and merchandised," says Pat Whitney, merchandise manager at Kansas City, Mo.-based Payless Cashways.

To cash in on the trend, some retailers use seeds as traffic builders that are especially effective when promoted in ads and with endcaps.

Builders Emporium, for one, likes to sell seeds in combination with other green goods in theme promotions such as "Fall is for planting."

Retailers agree that once consumers become better educated about the benefits of improved seed varieties, sales are likely to jump.

In addition, recent advances in bioengineering could well put a new focus on the category. Though now primarily focused on agriculture-use products, bioengineering—essentially gene-splicing that improves on traditional cross-breeding methods—will eventually filter down into the gardening consumer market, says Ellen Henke, a TV personality and garden industry consultant known as "America's plant doctor." One example of what the future might hold: blue roses.

While retailers say they expect a strong fall season in seeds, the picture is less clear for next year. With drought cutting into this year's seed crop, seed marketers have already warned of higher wholesale prices that could adversely impact retail activity. As some people in the seed business muse, when you're trying to fool Mother Nature, Mother Nature sometimes strikes back.

Top dealers cultivate lawn & garden image

(Continued from page 1)

The greenhouse is stocked with flowering house plants, tropical plants and delicate plants that do not do well outside. Automatically controlled shades control the sun and the heat, and a $150,000 drip irrigation watering system keeps the plants watered.

Aikenhead's in Toronto has a similar 6,000-square-foot glass-enclosed area that in the summer opens up to the 12,000-square-foot outdoor nursery and enables the Canadian warehouse retailer to expand its season by bringing in mums and Easter lilies in early spring.

Dealers have experimented with various forms of shade canopies for some time to protect the plants. Builders Square in its Southern markets is testing a Weathershade canopy that blocks out 60 percent of the light. This has drop-sides for the winter months so the store can bring in color plants without damage, according to George Tate, garden buyer for the San Antonio-based warehouse chain.

As home centers compete with garden centers, supermarkets and drug store chains for live plant sales, they are adding dedicated merchants and nursery staff to give them an edge.

HQ, for example, recently added a merchant to buy all live goods. This enables the Virginia Beach, Va.-based company to source better and to promote different species without price averaging. HQ now carries 1-, 3-, and 5-gallon azaleas so it can promote one size and maintain higher margins on the other two, according to Mike Pastore, senior vp and general merchandise manager.

There is a horticulturalist on staff at independent Santa Barbara Home Improvement Center in Southern California, where lawn and garden sales represent 35 percent of the store's total annual volume.

Santa Barbara beats out local nurseries by buying in bulk and keeping prices low, according to purchasing manager Clark Evans.

Until recently, specialty outlets beat home centers because of the services they offered, though some chains are trying to change that situation now.

In a recent customer survey, Simon Stores—the Walnut Creek, Calif.-based independent—found that the number one customer demand was for a garden design service. Next spring, the two-unit company will offer both a design service and installation.

The company, which introduced installed sales to other departments nine months ago, will offer installation for irrigation, landscaping, decks and even patio doors.

"We have credibility in the marketplace. All of this project business is based on the expectations of the customer and meeting those needs," said Simon's president, Marc Kaplan. "The difficulties of implementing that are a tough business, but it's one of the only ones left."

Ernst Home & Nursery this year has boosted its lawn mower sales by 20 percent and wheelbarrow sales by 35 percent by offering them already assembled for no extra charge, according to Bill Crayton, the Seattle-based chain's vp-merchandising.

Another area of improvement has been in stores' product mixes. As part of its redesigned store format, Rickel Home Centers in New Jersey "got deeper into lawn and garden repair items, like fertilizer that is needed two or three times a year and brings more customer traffic," stated Tom Vertetis, executive vp-merchandising and advertising.

Rickel's competitor, Channel Home Centers, expanded its bag goods program by adding 14- and 15-pound bags of grass seed and emphasizing brand names, according to Jeff Gross, seasonal buyer.

The Top 20 Lawn & Garden Retailers in 1991

Company	$ Mil Sales	% Change
1. K mart	820	3
2. Wal-Mart Stores	544	17
3. Frank's Nursery & Crafts	518	2
4. Cotter & Co. (True Value)	480	7
5. Ace Hardware	385	0
6. Lowe's	358	N
7. ServiStar	254	3
8. Home Depot	210	52
9. Payless Cashway	203	1
10. Builders Square	180	6
11. Sunbelt Nursery	143	– 1
12. Hechinger	119	– 7
13. HomeBase	115	5
14. Builders Emporium	113	1
15. Kroger Co.	106	0
16. Wickes Cos.	100	0
17. Grossman's	79	0
18. Earl May Seed & Nursery L.P.	63	0
19. Scotty's	58	0
20. Pike Nurseries Inc.	45	8

Source: *Nursery Retailer* — *NHCN* chart

Dealers want bigger bite of pet supply market

(Continued from page 5)

ing group that markets pet supplies through its V&S Variety store division. "We've really only scratched the surface."

Most hardware stores typically carry some pet items, and Cotter has found that its dealers sell about our times as many products for dogs as cats. Zuccollo noted that hardware stores usually stay away from bird and fish products.

Into the doghouses

Home centers, on the other hand, are more likely to carry only those products, like kits to make pet doors and doghouses, that have some building materials application.

For example, Dogloo, a five-year-old supplier of igloo-shaped doghouses, has been "moderately successful" penetrating the home improvement market, stated John Burns, manager of customer service.

The Corona, Calif.-based vendor sells three lines, retailing for between $50 and $90. These are distributed through hardware co-ops such as Cotter and Ace Hardware, as well as home center chains from Home Depot and HomeBase to Handy Andy, Lowe's and Builders Emporium—chains that don't carry any other pet supplies.

Home centers still tend to resist carrying these products in large quantities, mostly because they think pet supplies dilute their stores' image.

Orrville Leather, a leading full-line pet supply vendor based in Ohio, sells its products through more than 100 hardlines distributors—including California Hardware, RKB Enterprises and Emery-Waterhouse—as well as the industry's five largest dealer-owned buying groups.

But Orrville currently does not sell any home center retailers. "Lord knows, we've tried," lamented its vp-sales, Tom Kister.

"These companies are always asking for something new and different, but they shy away from pet supplies," he explained, somewhat bewilderedly. Kister said he can't assess to what extent home centers that are customers of these distributors are flirting with pet supplies.

"Home centers are a new market for us," said Ken Humpert, president of Flexi USA, a Cincinnati-based supplier whose retractable dog leash has sold well with the co-ops. Three skus of this product are being carried by Chase-Pitkin's 12 stores in upstate New York. Flexi's most popular leash retails for $18.

Dealer overload

Home improvement retailers entering the pet supply market do so at their own risk, as it sometimes seems like virtually every kind of retailer sells this stuff.

Aside from supermarkets and mass merchants, which usually carry a wide range of supplies and food, there are pet stores that inhabit nearly every mall in America.

Specialty retailers accounted for about $2 billion of total retail sales in 1991 but experienced a 15 percent decline in business, according to Hugh Bishop, *Pet Supplies Marketing*'s editor.

This group includes Petco, the San Diego-based chain that, with 184 outlets averaging 5,000 square feet, is the industry's largest; and PetsMart, based in Phoenix, with around 40 stores that average more than 20,000 square feet. However, Bishop said the typical specialty store is 1,650 square feet and does $250,000 in annual sales.

"What I've noticed is that our customers are so different" from home improvement consumers, said Craig Walker, Petco's vp-advertising, who until late May was vp-communications for Standard Brands Paint Co. "It's most important to these pet owners to get quality products and help from people who can show them how to care for their pets."

Walker isn't convinced home centers or hardware stores can or will provide that level of service, although he concedes such things as pet doors and doghouses could sell easily in home centers.

Other competitors in this field are farm and fleet stores, which Bishop said have "evolved" to include pet products, and lawn and garden outlets, which, in recent years, have begun stocking full-blown pet supply departments.

Some products suitable

Given the sheer number of competitors, home centers and hardware stores entering the field need to have some distinctive products and programs to attract pet lovers as customers.

"Home centers have to advertise and promote the products, let people know what they carry and give the products sufficient shelf space," said Humpert of Flexi USA.

Zuccollo of Cotter, which offers its dealer-members planogrammed pet supply programs in 4-, 8- and 12-foot runs, thinks home improvement dealers usually carry better-quality merchandise than is available through grocery stores or discount outlets.

He also thinks some pet items are conducive for sale with building products, such as wire kennels and kits to build cedar doghouses or cut a pet door into an existing entryway.

Zuccollo also pointed to a product called "Radio Fence," which allows homeowners to set up an invisible barrier around large yards. It involves installing a wire under ground that's hooked up to an electronic device which transmits an electric current to another device in the pet's collar. The jolt causes no pain but, through conditioning, tells the pet not to go beyond that point.

Radio Fence retails for $599, and Zuccollo said it got an amazingly high response from Cotter dealers at the co-op's spring buying show, "even though we offered it with no fanfare; it wasn't even listed in our price book."

This product has been promoted by a number of home center chains, including Home Quarters Warehouse.

Nevertheless, pet supply vendors find home center dealers to be a very tough sell. "We tried, at one point, to develop a package for cables, leashes, tieouts and trollies that could be sold with chains in home centers, but it didn't work," said Orrville Leather's Kister.

But although he said he's "given up trying to sell programs," he's not giving up on home centers as customers. "One of these days, a big retailer is going to take a chance on some part of our program."

ITC upholds Canadian timber duty

Ruling should have little impact on lumber prices

WASHINGTON — The International Trade Commission (ITC) vote sustaining the 6.5 percent duty on Canadian softwood exports to the U.S. should have little additional impact on lumber prices.

As expected, the ITC vote reaffirmed U.S. producers' allegations that Canada subsidizes its timber industry. A 14.9 percent countervailing duty in place in one form or another since earlier this year resulted in a 7 percent hike in lumber prices, according to an industry trade group made up of U.S. producers. Since the first quarter, lumber prices have fallen.

The Canadian government intends to appeal the June 25 decision setting the duty at 6.5 percent, according to published statements.

According to the Coalition for Fair Lumber Imports, the U.S. lumber industry group which sought the action, the new duty would add just $100 to the cost of a new home but would save as many as 15,000 timber-related jobs. The Washington-based Coalition believes the tariff will be increased as the ITC investigates Canada's subsidy structure further.

CBS continues bailout talks with ServiStar

(Continued from page 1)

Additional talks between CBS and ServiStar were slated for July 8. Details of the deal, for which ServiStar will pay an undisclosed sum, were not available.

It could not be ascertained whether ServiStar would try to set CBS up as a separate entity similar to what ServiStar did after it bought the assets of Coast to Coast Stores in 1990.

Interest from other groups

The arrangement could mean that Central Builders Supply's 280 dealer-members would have the financial foundation of ServiStar's multi-million-dollar credit line to back up their merchandise ordering. The members would probably be offered ServiStar membership.

Knowledgeable sources said that buying group competitors ranging from Progressive Affiliated Lumbermen—a Grand Rapids, Mich., broker—to Hardware Wholesalers Inc.—the Fort Wayne, Ind.-based dealer-owned co-op—were trying to sign up CBS' stronger yards.

Van Conway, CBS' interim president, said CBS, as a legal entity, would "wind down" after it paid off about $15 million in current vendor debt. It was unknown how CBS would settle millions of dollars worth of bad debts from members going back as long as two years.

According to CBS documents, its dealers owe the group between $5 million and $6 million in bad debts. One transaction had CBS pledging $3.6 million in certificates of deposit as collateral to a North Carolina Bank so the bank would lend a CBS member, Sinclair Lumber Co., $2.7 million the dealer owed to CBS.

Other debts, like the $218,000 owed to CBS by the now-defunct wholesaler General Hardware of Atlanta, are probably uncollectible.

According to CBS bylaws, bad debts will be billed to remaining and recently resigned members. Going on the premise that the debts will not be paid, CBS' remaining 280 dealers would have to come up with between $17,857 and $21,428 each.

To recoup overpayment of rebates from 1988 to 1991, dealers will be billed about $4,900 this year. Dealer-members were also informed, in a letter sent in June, that they will be billed $3,900 to $5,900 each in September to cover the broker's expenses.

It was unknown how the merger will affect these receivables and overpayments, which are believed to be needed to pay trade debt.

Blame assessed

Former senior managers of CBS allowed receivables to accumulate in the hope of increasing sales (*NHCN*, July 6). Bret Pobanz, CBS' president, who was ousted last month, said the deals that threw CBS into a cash shortage "couldn't have been done without the board's support." Board president Mike Webb, an Illinois lumber dealer, said he knew nothing of the deals. Pobanz declined further comment.

Steve Boone, the former vp-sales whose job was eliminated by the board last March, laid blame for CBS' money problems on former vp-finance Weymann Nedbalek, who left the firm in January.

According to internal CBS documents and an interview with Boone earlier this month, Nedbalek told Pobanz and Boone a new computer system prevented him from knowing about the mounting member receivables.

Nedbalek, reached by phone in College Station, Texas, said both Pobanz and the board knew of the company's problems but "failed to act."

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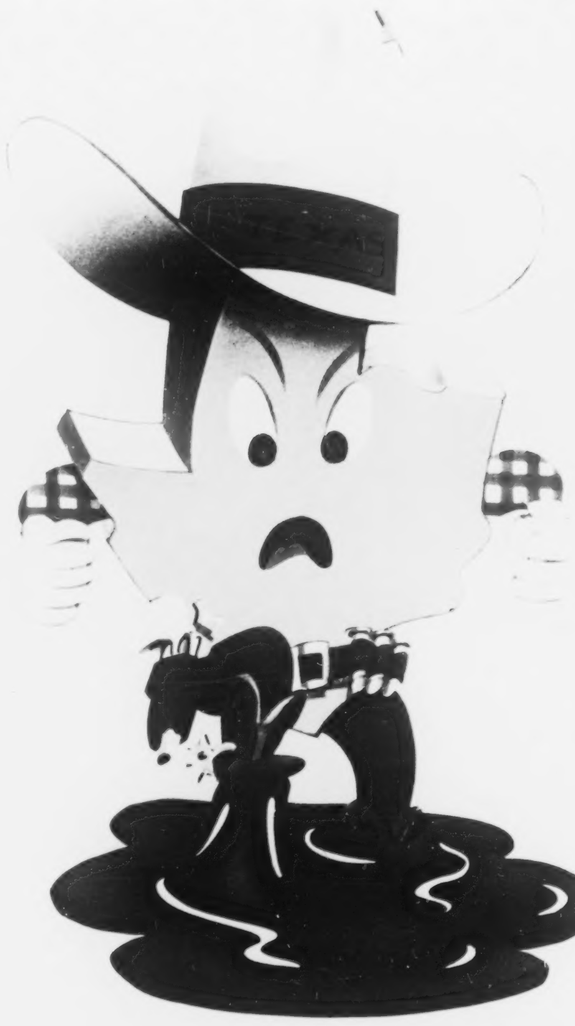

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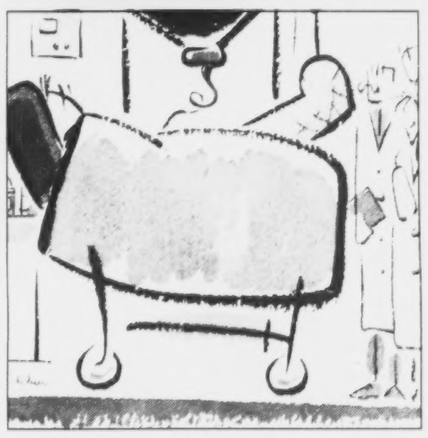

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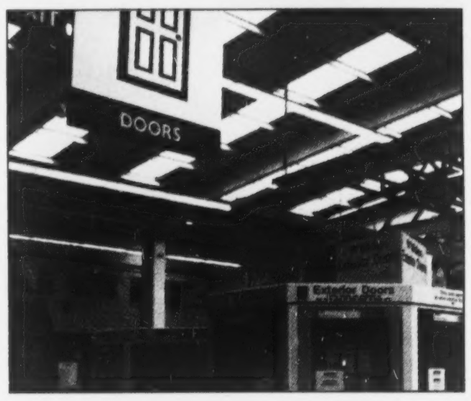

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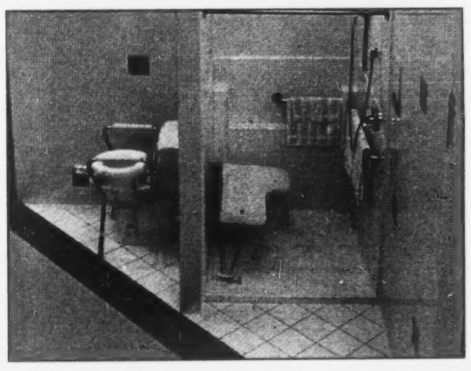

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NEWS BRIEFS

HomeBase adds Midwest buying office

CALUMET CITY, Ill. — Homebase's Midwest buying office is up and running at the chain's regional office here.

The Fullerton, Calif.-based retailer added its new buying office to help facilitate the company's expansion in the Midwest.

"Our merchandise manager and buyers in the Midwest can tailor HomeBase's merchandise selection to regional needs and building codes, while at the same time seeking out local merchandise suppliers," explained president Jim Halpin in a recent news release.

Bob Galant, regional merchandise manager, is responsible for the assortment of product supplied to HomeBase's stores in Illinois, Colorado, Idaho, Ohio and Utah.

The new buying office is headquartered at this 150,000-square-foot store, one of the company's largest units. The Calumet City store and office opened in April, along with four other Chicagoland stores.

Quojem to reach out to pro segment

PARIS — The management of Quojem, the International Hardware, Tools and DIY show, which takes place here next month, is attempting to broaden the event's appeal to the professional/commercial distribution market segment.

The show will cover 750,000 square feet of exhibition space and include the following product categories: hardware, tools, garden, plumbing, electricals and decoratives.

Besides France, exhibitors are expected from Canada, Germany, Great Britain, Italy, Japan, Taiwan and the United States, including a pavilion sponsored by the American Hardware Manufacturers Association.

Quojem takes place September 20 to 23 at the Paris-Nord Exhibition Grounds. For further information, contact Julie Halas, IMEX Management, (301) 942-5857; (301) 946-3858 (fax).

Home Depot expands New England market

ATLANTA—Home Depot continued its push into New England last month with the opening of the Danvers, Mass., and South Attleboro, Mass., units.

It now has 11 stores open in the market with four more under construction. It will open in Orange, Conn., in August, Salem, N.H., in September, Quincy, Mass., in October, and Somerville, Mass., in November.

It plans as many as 25 stores by 1996 employing 4,500 people.

Talk to offer strategies for retailers

COLLEGE STATION, Texas — Bruce Berg, president of the southeast division of Home Depot, will be among the featured speakers at the tenth annual Special Topic Symposium sponsored by the Center for Retailing Studies at Texas A & M University.

The event is scheduled for October 22 and 23, at the Adolphus hotel in Dallas.

This year's theme is "Excellence in Retailing . . . Best Practices." Berg's talk is titled "Building an Achievement Culture."

A luncheon address on "Global Best Practices in Retailing" will be given by Stanley Marcus, chairman emeritus of Neiman-Marcus and Larry Katzen, managing partner-worldwide retail industry practice, Arthur Andersen.

For details, contact the Center for Retailing Studies, Department of Marketing, Texas A&M University, College Station, Texas 77843-4112, phone (409) 845-0325.

COMMUNITY SERVICE

Seigle's helps build home for local family

ELGIN, Ill. —Seigle's Home & Building Center is working with Habitat for Humanity to build a 1,000-square foot, three-bedroom ranch home for an Aurora, Ill., family.

The eleven-unit retailer is donating more than $15,000 in building products including all of the lumber, trim, doors and windows needed to complete the project.

Volunteers from Habitat for Humanity will build the house in two sections at Seigle's store in Aurora. Once completed, the sections will be transported to the site, where a foundation will be prepared.

Seigle's will hold six workshops for its customers while the work is in progress. In this way, customers can learn about carpentry, plumbing and other aspects of the building trade by watching the home being built.

Mark Seigle, vice president of Seigle's, said that the company chose to work with Habitat for Humanity because they saw the direct impact the organization has on the quality of affordable housing.

A number of suppliers are donating materials to the project, including Owens-Corning, Louisiana Pacific, Skil, Design House and Sterling Plumbing.

Photo courtesy of Habitat for Humanity

Volunteers work on interior of Seigle's-sponsored Habitat for Humanity home.

PEOPLE

RETAILERS

William K. Schlegel has been appointed vice president of lumber and building materials for **Builders Square**, San Antonio, Texas. He joined Builders Square in 1991 as divisional merchandise manager of lumber and building materials and was formerly with Handy Andy and Wickes Lumber. His responsibilities will include overseeing regional lumber buyers.

ACO Hardware has promoted ***Michael Pai***, a 4-year employee to director of import division; ***Robert Dunlap***, a 16-year employee, to director of operations; ***Patti Rotta***, a 25-year employee, to vice president of advertising; and ***Dennis DaPra***, an 18-year employee, to senior vice president, general merchandising manager.

WHOLESALE

Furman Lumber, Billerica, Mass., has named ***Michael R. Mize*** a vice president. He has been in the lumber business since 1964. ***Norman L. Gross*** has also been named as a vice president of the company. ***Edwin L. Doyle*** has been appointed senior vice president of sales. ***William G. George*** has been named the company's senior vice president of product management. ***Michael Scolavino*** has been appointed as senior vice president of operations.

SUPPLIERS

Thomas E. Mahoney has been appointed president and general manager of **Stanley Hardware**, New Britain, Conn. Most recently, Mahoney was president and general manager of Stanley's national hand tool organization in Dallas. He is replacing Dick Martin who left the company.

Gene McClung has been appointed as Chairman of the Board at **Royal Rubber**, South Gate, Calif. ***Bruce Crenshaw*** has been appointed president and ceo and ***Donald Droesch*** as senior vice president of sales and marketing.

Michael P. Hoopis has been appointed as president and general manager of **Price Pfister**, a division of Black & Decker, Pacomia, Calif. He joined Black & Decker in 1989. Most recently, he was president of Kwikset Corp.

Anderman re-enters industry

CHATSWORTH, Calif. - Arthur Anderman, the founding publisher of *National Home Center News*, has returned to the home improvement industry as one of the four principals of a new bathroom vanity company.

Hotline, a manufacturer of cultured marble tops and bathroom cabinets, began about a year and a half ago by former Commodore vanity executives Bob Salas and Larry Pallitz. Donald Hervey, who used to be president of Beauty Craft vanities, has also joined the three men in the new venture.

Arthur Anderman

Hotline will sell high quality marble tops and cabinets to both retail home centers and distributors, said Anderman. The products will be sold at a promotional price point only.

"We want to fill a promotional niche and serve the needs of the industry," he said.

Anderman left *National Home Center News* in March 1985 to become publisher of *Nation's Restaurant News*, another Lebhar-Friedman publication. He subsequently held several other posts including group publisher of daily and weekly *Variety*.

Correction

A lumber column about treated wood (*NHCN*, June 22), should have noted that Jerry Harke, of the American Wood Preservers Institute, was surprised, not startled, by a focus group finding related to bar coding and the need to provide consumer information.

NATIONAL NEWS

Rickel cofounder returns

Industry veteran buys Gannet Hardware in Virgin Islands

ST. CROIX, Virgin Islands — After an absence of eighteen years, Al Rickel, the cofounder of Rickel Home Centers returned to the home improvement industry with the purchase of two hardware stores here.

In June, Rickel paid $2 million for Gannet Hardware which has stores in Gallows Bay and Sunny Isle. These are supplied from a distribution center in Ocala, Fla.

Rickel is renovating the St. Croix stores and looking at sites on two other islands to expand the company.

"There's great opportunity and potential there," said Rickel, who has a second home in St. Croix. "It's something the island can use and a chance [for Gannet] to be more aggressive."

Photo courtest of Gannet Hardware

Gannet Hardware in Gallows Bay was one of two stores that Rickel bought in the Virgin Islands.

It's over 45 years since Al, and his brothers Bob and Mort founded, Rickel Bros., the heating and installation company that eventually became the Rickel Home Center chain. Al, the president, retired in 1974 just six years after he and his brothers sold the chain to Supermarkets

(Continued on page 191)

Florida dealer group sues Ace

Charges co-op violated wholesaler franchise agreement

FT. LAUDERDALE, Fla. — A group of Ace dealers here filed suit against the co-op, alleging Ace violated its franchise agreement by giving a wholesaler a franchise.

The controversy is focused on One Source Supply, the Hollywood, Fla., company which became an Ace member last December.

One Source Supply's president, Freeman Cohen, describes the firm as a "supply company for commercial and industrial accounts, not a wholesale company." But an occupational license issued by the City of Hollywood, Fla., this year describes the business as a wholesale merchant. A number of Ace dealers would agree.

In a letter written last January to Roger Peterson, the president and ceo of Ace Hardware Corp., six dealers asserted that One Source "is now and always has been a whole-

(Continued on page 190)

Environment key trend at Expo '92

lawn and garden regulations drive new products focus

LOUISVILLE, Ky. — Three powerful trends seemed to shape the products and strategies of lawn and garden manufacturers that were exhibited at Expo '92, the lawn and garden show held in Louisville July 26 to 28.

These trends are:

- The environment and the need to comply with an increasing array of regulations;
- The ever-increasing strength of the mass market and its volume potential relative to traditional distribution channels; and
- The need to differentiate product offerings from the competition.

These influences were evident in the emphasis on mulching mowers which resulted, in part, from environmental pressures. Such pressures also had an impact on engine design.

Several suppliers announced new approaches for increasing their presence in the mass market.

And fashion has become an aspect of power equipment marketing, as manufacturers introduce a modern color palette.

Meanwhile, the horsepower

(Continued on page 202)

Factory Unit Shipments of Outdoor Power Equipment

Equipment	1991	% Chg.	1992*	% Chg.	1993*	% Chg.
Walk-Behind Mowers	5,350,000	(6.1%)	5,224,304	(2.3%)	5,694,813	(9.0%)
Rear-Engine Riding Mowers	209,000	(15.4)	194,723	(6.8)	195,415	(0.4)
Front-Engine Mowers	840,000	(5.1)	868,203	(3.4)	940,690	(8.3)
Garden Tractors	128,000	(17.9)	132,274	(3.3)	148,031	(11.9)
All Riding Units	1,177,000	(8.6)	1,195,199	(1.5)	1,284,136	(7.4)
Tillers	296,000	(1.3)	341,844	(15.5)	353,036	(3.3)

*Projections
Model year runs from September through August; figures are unit sales for each year ending in August.
Source: Outdoor Power Equipment Institute — *NHCN* chart

NHCN offers concise look at trends

This issue covers issues like the health care crisis and timber supply

by Ken Schept

At this time of the year there are two good ways to get an immediate handle on what's happening in the home improvement industry.

Effectively work the combined Hardware Show and the National Building Products Exposition & Conference this week and read this 206-page issue of *National Home Center News.*

This special hardware show issue includes reports about these key industry issues:

Timber Supply: It's a complicated issue that balances the need for lumber and the economic vitality of its producers against our obligation to protect the environment.

National Home Center News senior editor Gary Ruderman, who has written about lumber for the past five years, recently visited the Northwest, spending time with forest products executives, environmentalists and walking in the woods. His insightful special report begins on page 77.

Health Care Costs: They seem to be out of control. How does a business continue to serve its associates, but contain costs at a reasonable level? Some dealers are looking at managed-care alternatives. For an in-depth look at how this industry is coping, see "Rising health care costs shrink profits" by senior editor Elizabeth Brent.

Globalization: As the world economy changes, the place to look for ideas is everywhere. And that's what *National Home Center News* has done in the World Stores report.

This section illustrates the latest store developments from nine leading home improvement retailers in North America, Europe and the Pacific.

Texas Turnaround: It's happening slowly, but it's happening. Executive editor John Caulfield explores the Texas turnaround effort.

Also included in this issue are stories about the increasing amount of attention being paid to certain specific customer groups, such as the elderly (*page 85*) and Hispanic shoppers (*page 100*).

This issue also takes a look at a person who's had a sustained insider view of how companies respond to a rapidly changing industry.

For insight into the company and the man, see "George Poulos: Man on a mission: saving contractor yards," which begins on page 164.

Hardware stores are losing ground

Retail sales revisions show home centers grew more than reported

Wyatt Kash

For most of us, 1989, 1990 and 1991 are history.

For U.S. retailing, however, history was significantly revised recently. And the changes are worth a fresh glance into the industry's rearview mirror.

What one finds is the home center and retail building material industry did better in 1990 and 1991 than first reported, according to newly revised Census Bureau figures (*see chart*).

Moreover, the home center market, up a revised 3.0 percent in 1991, outpaced food retailing (+2.4 percent), general merchandise retailing (+2.3 percent) and durables retailing overall (-1.2 percent).

Perhaps of greater significance, though, are the revisions for hardware stores.

While home center sales were revised upward in 1990 and 1991, hardware stores lost ground, with the sales having now declined two years in a row.

What's behind the Census Bureau's revisions? Bureau staffers attribute them to changes in their survey sample group.

The complexion of the home center and hardware store sample group was based largely on a mix of companies established in the 1982 five-year retail census. Changes identified in the 1987 census were only recently incorporated in the sample group, and resulted in the most recent recalibration of 1989 to 1991 sales.

The new sales figures tend to confirm one trend we've seen shaping the industry for some time. Namely, that home centers have become high-volume "destination" stores for home improvement products, while hardware stores have increasingly become "convenience" stores.

Marketers certainly owe it to themselves to get the new figures. For details, call the Census Bureau at (301) 763-7128/7129.

U. S. Retail Home Center/ Hardware Store Sales
($ Billions)

Home Center/ LBM Stores		1989	1990	1991
Sales:	Rev.	$67.0	$69.7	$71.8
	Prev.	67.6	66.8	67.2
Growth:	Rev.	+0.6%	+4.0%	+3.0%
	Prev.	+1.5%	+1.2%	+0.6%
Hardware Stores		**1989**	**1990**	**1991**
Sales:	Rev.	$12.6	$12.4	$12.0
	Prev.	12.0	13.3	13.1
Growth:	Rev.	+7.7%	− 1.6%	−3.2%
	Prev.	+2.6%	+10.5%	−1.6%

Source: U.S. Department of Commerce — *NHCN chart*

National Home Center News

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A long and muddy road to recovery

But the prairie sky now looks dry

by John Caulfield

It's been raining in Texas for a long time.

Virtually every town in the state had received its average annual rainfall by late spring. Forty inches had fallen on Houston in the first five months of 1992. Flooding after Memorial Day in the 25 counties that make up the Cotton Patch wiped out almost two-thirds of the 3 million-plus acres of plantable land projected for this season.

Hail storms, which have become an annual event, have pelted Texas homes so mercilessly that roofing suppliers have had to put dealers in many areas on allocation.

This "crazy weather," as one retailer put it, is just one more cross Texans have borne as they trek that long road back to recovery in the state's economy and pride. That road, though, is still pretty muddy.

Oil and gas exploration, which in many ways still defines at least the image of Texas, has hit rock-bottom. Unemployment is high, with some areas at double-digit depths (*see charts, p. 140*).

But Texas, which over the past decade has endured crises in the energy and banking industries, and now faces similar threats from cutbacks in defense spending (the state has 26 military bases, according to the Pentagon), is moving forward. And as Texans dry themselves off, some see clear skies ahead.

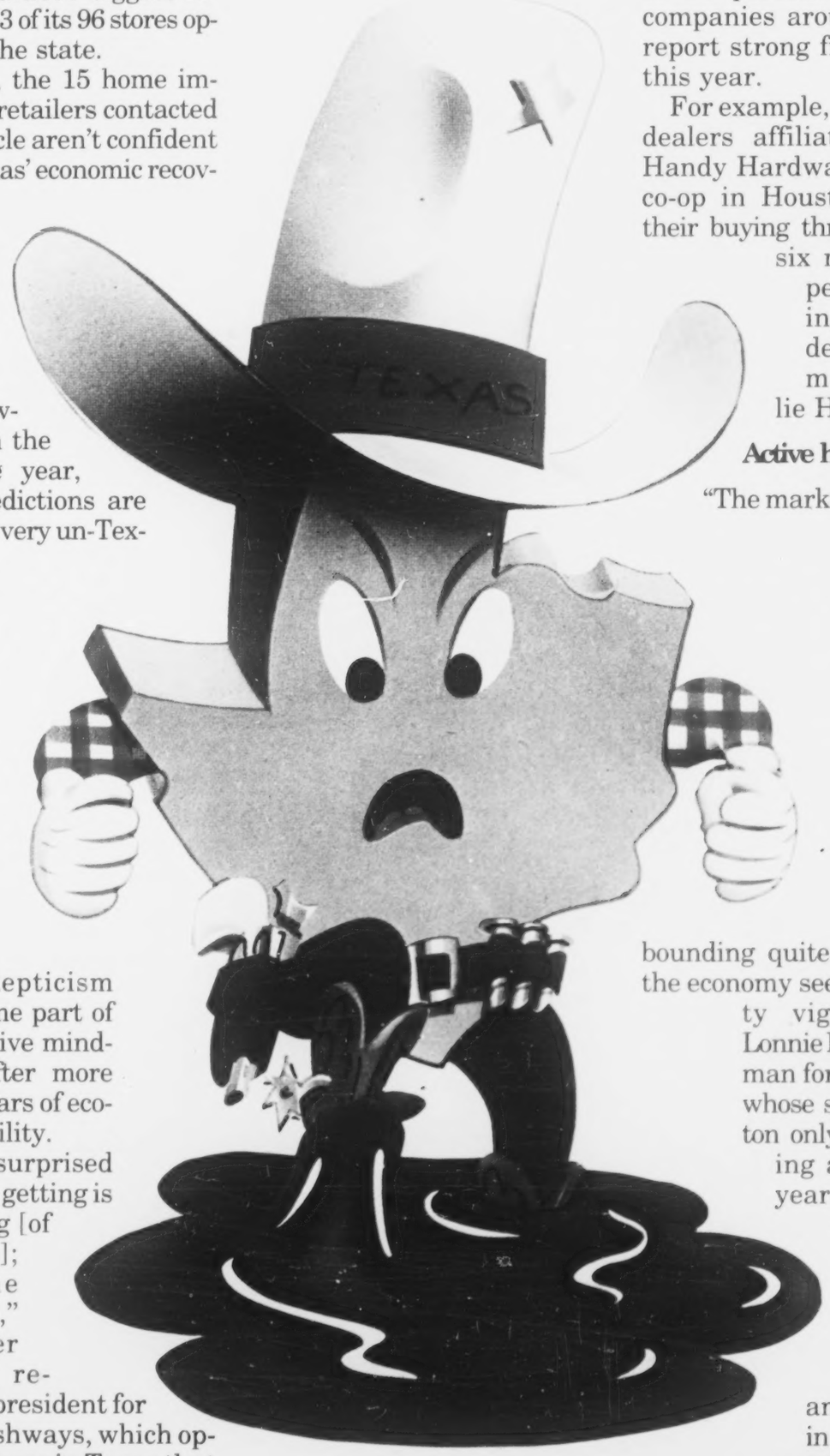
For example, business has been "very positive" for the 80 dealers along the Gulf Coast of Texas that are affiliated with Hardware Wholesalers Inc.

Their purchases from the co-op shot up by 21 percent in HWI's latest fiscal year, which ended on June 30. That's on top of a 26 percent growth in buying during fiscal 1991.

"They're investing more in inventory, remodeling, and advertising more aggressively; it's really exciting," says Matt Mullin, the co-op's area manager based in Tomball, Texas. But Mullin, who's been in the state since 1982, isn't doing cartwheels yet. "This year, we're not quite as positive as we were a year ago. We still have a long way to go."

"It's been slow, but the state is definitely recovering compared to five or six years ago," adds Brian McCoy, president of McCoy's Building Supply Centers, the market's biggest retailer with 83 of its 96 stores operating in the state.

However, the 15 home improvement retailers contacted for this article aren't confident yet that Texas' economic recovery is sustainable. While sales growth shows no signs of slowing through the rest of the year, dealers' predictions are laced with a very un-Texas-like skepticism that's become part of their collective mindset here after more than five years of economic volatility.



'I'm not surprised what you're getting is a mixed bag [of responses]; that's the way it is," says Roger Weverka, regional vice president for Payless Cashways, which operates 41 stores in Texas that generate more than half a billion dollars in annual sales. "There are areas that look like they are being re-energized, but it's been kind of sporadic."

Signs of improvement

In some ways, Texas' economy has been so weak that it has nowhere to go but up. "People have been holding off for so long that they have to start fixing their homes," says Becky Hahs, the marketing manager at Builders Square, for which the market has produced "excellent sales" this year.

Weverka of Payless says he first saw signs of customers loosening the purse strings a bit in 1990, when his Texas stores "had a substantial [comp-store sales] increase—9 to 10 percent." And many companies around the state report strong first-half sales this year.

For example, the 515 Texas dealers affiliated with the Handy Hardware Wholesale co-op in Houston increased their buying through the first six months by 15 percent, according to Handy's dealer services manager, Charlie Hearne.

'People have been holding off for so long that they have to start fixing their homes.'
Becky Hahs,
marketing manager, Builders Square

Active housing market

"The market has been rebounding quite briskly [and] the economy seems to be pretty vigorous," says Lonnie Fogel, a spokesman for Home Depot, whose stores in Houston only started turning a profit a few years ago. "People down here seem to have more confidence and are now doing some amazing things in home improvement."

A sizable chunk of some dealers' good fortunes is coming from home building contractors and remodelers at a time when housing construction around the rest of the country is miserable and many dealers in Texas have walked away from that business. Recovery in home building now is still a far cry from the early 1980s, when Texas built over 300,000 homes in one year. But it's a start.

"Everything is going nuts all over the state," claims Barbara Douglas, president of the Lumbermen's Association of Texas. "Remodeling is booming, and there's a lot of home building going on." Parker Beebe, president of 18,000-square-foot Beebe Lumber in Amarillo, reports that his area has seen more home construction activity "than at any time since 1983," and anticipates his sales will increase by 25 percent this year.

"The really amazing thing is that we've managed to have a strong housing recovery right in the middle of the savings and loan mess," notes Dr. Jack Hawkins, research director for the Texas Real Estate Resource Center in College Station. With nearly 300 S&Ls collapsing into insolvency only a few years ago, Hawkins says mortgage banks are filling the lending void, although he still fears a shortage in lending capital in the future.

Just how long home building will keep expanding, though, is anybody's guess. "I must say I don't know where the people are coming from that are moving into the houses they're building," says Walter Foxworth, the president of the Foxworth-Galbraith chain.

(Texas' population increased by about 6 percent to 17.3 million between 1990 and 1991, according to Commerce Department estimates.)

Beebe also notes that servicing the home building market has been a mixed blessing because lumber prices have fluctuated so wildly this year. "The price of lumber is so volatile that it's tough to maintain margins."

Two markets

Making money, in fact, remains a major challenge for most home improvement retailers in Texas, recovery or no recovery, as the retail landscape in Texas has changed dramatically over the last few years.

Texas is really two markets: one of huge metroplexes, like Dallas-Fort Worth or Houston-Brazoria-Galveston, that are crammed with competitors; and another of small, ru-

(Continued on page 138)

The Texas market at a glance

TEXAS' LEADING HOME IMPROVEMENT RETAILERS[1] By stores operated in the state

(Headquarters in Texas, if applicable)

Retailer	Store Count *(total market annual sales, estimated from chainwide per store averages)*
McCoy's Building Supply Centers (San Marcos)	83 ($261 mil.)
Payless Cashways	41 (503 mil.)
Higginbotham-Bartlett (Lubbock)	36 (16 mil.)
Foxworth-Galbraith (Dallas)	30 (97 mil.)
Home Depot	20 (592 mil.)
Sutherland Lumber	20 (198 mil.)
Builders Square (San Antonio)	19 (260 mil.)
Higginbotham Bros. (Comanche)	18 (15 mil.)
Alamo Lumber (San Antonio)	14 (36 mil.)
Bartlett Enterprises (Canadian)	9 (15 mil.)
84 Lumber	7 (15 mil.)
Cassity Jones Lumber and Hardware (Longview)	6 (20 mil.)
Zarsky Lumber (Victoria)	6 (20 mil.)
Big Tin Barn (Conroe)	5 (42 mil.)
Bison Bldg. Mat'ls. (Houston)	4 (46 mil.)
Cashway Building Centers[2] (El Paso)	4 (23 mil.)
Abilene Lumber (Abilene)	4 (12 mil.)
West End Lumber (Houston)	3 (40 mil.)
Stripling Blake (Austin)	3 (38 mil.)
Wickes Lumber	3 (16 mil.)
HomeBase	2 (38 mil.)
Matt's Cash & Carry (Pharr)	2 (26 mil.)
Olshan Lumber (Houston)	2 (23 mil.)
Montalbano Lumber (Houston)	2 (17 mil.)
Bering Home Center (Houston)	2 (16 mil.)
Guadalupe Lumber (San Antonio)	2 (16 mil.)
Elliott's Hardware (Dallas)	2 (15 mil.)
Totals	347 $2.35 bil. *(Nearly 30 percent of the total market annual sales, based on* Editor & Publisher *estimates.)*

[1] As of July 1992.
[2] Owned by Builders Emporium.

NHCN research and chart

Other major retailers with home improvement departments

Retailer	Store Count
Wal-Mart	275[1]
K mart	156
Color Tile (Fort Worth)	59
Target	50
Jones-Blair (Dallas)	20
Wallpapers to Go (Houston)	12[2]

[1] Includes Wal-Mart, Sam's Wholesale Club, Wal-Mart Super Centers and Hypermart USA; figures for 1991.
[2] Includes one company-owned unit in Dallas; all others franchised.

Sources: Company officials; Chain Store Guides Directory of Discount Department Stores

NHCN research and chart

Major chains dominate the Texas home improvement market, even in areas where they don't have stores because their advertising has such wide reach. The charts above show that home improvement retailers find stiff competition in certain categories from discounters and specialty stores.

HOME RESALES

May 1991-April 1992 (% chg. from May 1990-April 1991)

City	Resales (in units)	% Chg.
Houston	32,191	(1.0)
Dallas	18,947	6.0
Fort Worth*	8,930	11.7
Austin	6,941	1.9
San Antonio	6,649	3.3
El Paso	4,641	0.7
Lubbock	1,765	3.8
Amarillo	1,660	1.3
Midland	1,507	(8.4)
Odessa	743	(5.4)
Brazoria	638	11.0
Galveston	357	0.3
Corpus Christi	NA	
Laredo	NA	
Texas total	97,961	0.5

* Includes Tarrant Co. figures
Source: Texas Real Estate Resource Center, Texas A&M, College Station

NHCN charts

SINGLE-FAMILY HOUSING PERMITS

May 1991-April 1992 (% chg. from May 1990-April 1991)

City	Permits (in units)	% Chg.
Dallas	12,414	26.0
Houston	10,442	16.7
Fort Worth	4,657	7.3
Austin	3,614	85.0
San Antonio	2,249	38.1
El Paso	1,865	3.3
Galveston	1,132	29.5
Brazoria	912	27.4
Laredo	640	23.6
Lubbock	524	42.0
Corpus Christi	506	16.6
Amarillo	202	56.6
Midland	200	(15.6)
Odessa	87	(93.3)
Texas total	43,499	24.1

HOUSING STARTS Austin*

(in units)

	1992	1991
January	161	72
February	117	83
March	176	87
April	146	111
May	163	114
Total	763	467

*Includes Travis County
Source: Austin Builders Association

NHCN chart

Unlike other parts of the country, where home building is still in the dumps, the housing market in Texas has been quite strong statewide this year, and especially in larger metro markets like Austin and San Antonio. Dealers wonder, though, how long-term this activity will be.

Mexico's regulations hit border sales

Retailers grapple with unpredictable but beneficial market

PHARR, Texas—It's another hot day along the Mexican border, and Danny Smith is grappling with the crisis of the week in his efforts to sell to customers coming north over the border to buy home improvement products.

Smith, the general manager of two Matt's Cash & Carry units, here and in San Benito, is complaining about the Mexican government and its personification, president Carlos Salinas de Gortari, which in early June lowered the amount of products people could take over the border to $50 from $300. He notes that a few weeks earlier, the Mexican government restricted taking 2-inch board across the border.

With a sigh of resignation, he notes that "all this could change tomorrow."

The economies of Mexico and Texas are intertwined in so many ways—history, employment, retail sales, law enforcement—that it's often hard to tell where one ends and the other begins. That demarcation will become even fuzzier if Mexico reaches an agreement with the U.S. and Canada on trilateral trade currently in negotiation.

Mexican market frustrating

For the most part, American retailers see benefits from the trade they generate from Mexican customers. HomeBase has seen strong sales from its two stores in the border city of El Paso, where it plans to open a third unit eventually. Builders Emporium operates four Cashway Building Centers in El Paso, including a 50,000-square-foot unit on Airways Drive that enjoyed a 15 percent increase in its sales in the first half of this year, according to assistant store manager Carlos Arellano.

Matt's Cash & Carry store in Pharr—a 35,000-square-foot unit sitting on 17 acres that last year did three-quarters of the company's $26 million in sales—also does across-the-border business. But Smith believes those sales are too unpredictable to base any growth strategy upon.

"In our trading area, with 700,000 people and plenty of competition, the Mexican market looks tempting," he admits. "But only a small percentage of Mexicans have enough income to be your customers." The consensus of opinion is that only 10 percent of Mexico's 81 million people earn enough to shop in a home center (*NHCN*, March 10).

Doing business in this market would be tough even if the Mexican dilemma didn't present itself. Smith notes that the southernmost tip of Texas includes three of the poorest counties in the U.S., where some people live in houses that are only 600 square feet.

"People here are usually buying only basic building materials, and it's very difficult to get them to trade up to products you can make money on," he says.

Competitors abound

And, for such an impoverished area, there are an inordinate number of retailers, including seven McCoy's, a few Wickes Lumbers and several independents. Smith hears that Builders Square will invade in September and that Home Depot is looking at this trading area, too.

In preparation for real or imagined competition, Matt's has installed its first computerized point-of-sale system into its stores.

Last year, the displays in the stores were reconfigured so that more merchandise would be exposed to customers. And the company is preparing its first ad circular program (it is already on television and radio).

The current sales picture for Matt's has been mixed. Smith says business was "okay" in the first quarter and that construction in the area has picked up, if more on the commercial than the residential side.

Nevertheless, he believes the company may open a new store within the next two years. "But for the time being, we're going to concentrate on expanding the physical dimensions of our current units."

Backwater dealers adjust or perish in competitive quicksand

(Continued from page 136)

ral towns, typified by those along the Mexican border.

"In Laredo or McAllen or Browsnville, you can drive for 500 miles and not see anything," says Hahs of Builders Square, a lifelong Texan, who adds that customers have been known to travel 100 miles to shop the chain's Corpus Christi store.

One market that Higginbotham Brothers serves, Gustine, has only 400 people.

Dealers operating in backwater areas used to be insulated from competition. But that no longer appears to be a viable strategy, as several of the larger home center operators—Home Depot, Builders Square, Foxworth-Galbraith, McCoy's—are showing more more confidence in the Texas economy by opening new stores that are, in essence, shrinking the state.

"Right now, we're opening stores as fast as we can find sites and train managers," says McCoy, whose company has been opening three to five stores each year for the past several years.

Furthermore, the proliferation of discount and specialty chains (*see chart p. 137)* and the more recent influx of membership clubs—all of which give home improvement retailers heartburn in certain product categories—are bound to intensify competition. Venture Stores, for instance, is opening a distribution center to support its first five stores in Texas, to open next year. It wants to have 50 in the state.

"We're operating in small, rural markets, but big-city advertising affects us," says Randall Puckett, the president of the Alamo Lumber chain based in San Antonio. "We're competing against their prices, if not their stores."

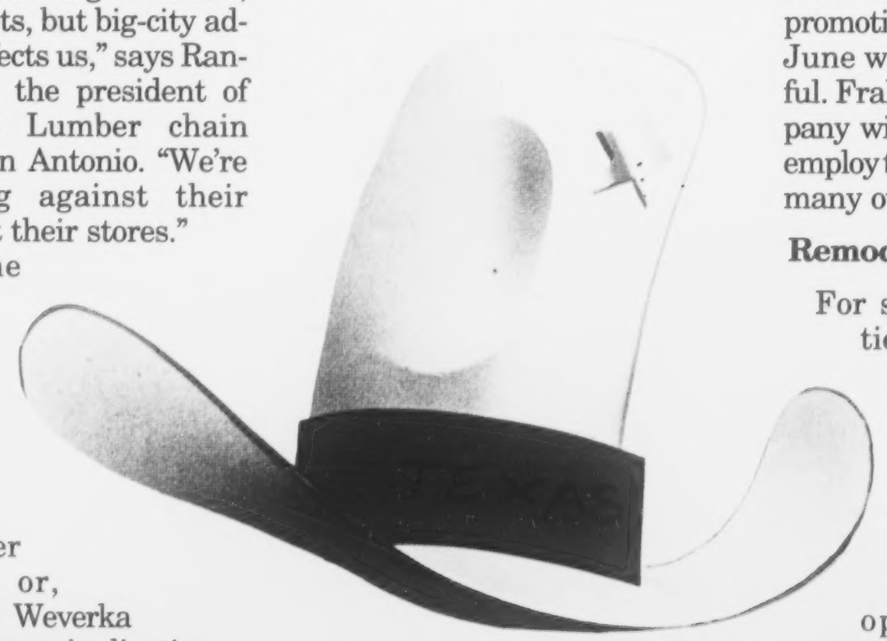
For some independent dealers, all this expansion has meant either extinction or, according to Weverka and others, marginalization.

Variable pricing takes hold

Other dealers, though, have adjusted to the new realities by devising what they hope are more aggressive merchandising and advertising plans.

Take Bartlett Enterprises in the Texas Panhandle, whose sales were up only 2 percent through the first half of 1992. Its stores maintained margins of 31 percent and generated profits that rose by 18 percent during this period using a weapon that many Texas dealers have come to embrace: variable pricing.

"Because of Wal-Mart, we had to lower prices on 20 to 30 items," recounts Tom Barlett, the company's president. "But on the 'blind' items, we're actually making more money. We're price-shopping constantly, and now Wal-Mart doesn't bother us too much anymore."



Recently, Higginbotham-Bartlett's stores (which aren't connected to either Higginbotham Brothers or Bartlett Enterprises) went to an everyday low-price strategy on paint to counter competition in that category from Wal-Mart, Sears and some home center dealers.

"We had lower margins, but more volume," says Marvin Fraley, the chain's vp and general manager, who adds that the paint sales promotion the chain ran in June was its most successful. Fraley believes his company will ultimately have to employ this kind of pricing on many other categories.

Remodelng, expanding

For some, the competition from warehouse home centers calls for a more direct, forceful response. In Austin, where Home Depot opened a second store in April, Stripling-Blake is enlarging its headquarters unit by 50 percent to 60,000 square feet, and remodeling its showroom.

Handy Hardware Wholesale recently began holding seminars for its dealer-members with Robert Potts, the design consultant, whose presentation includes more than 500 slides from stores around the country meant to stimulate remodeling and display ideas in the retailers.

Handy also offers its monthly "President's Special" promotion, where dealers can select from a group of eight products made available at rock-bottom prices, which are generally chosen from the 126 items that appear in Handy's price-sensitive items list.

This program, says Hearne, Handy's dealer services manager, is designed to keep its members from being "embarrassed" when competing against larger chains.

Strengths belie weaknesses

All this aggressiveness will be crucial to any store trying to increase its business in Texas, whose underlying problems have yet to be completely resolved.

One is unemployment, which jumped up in June to 7.5 percent, and is considerably higher in other parts of the state.

Most dealers contend that the higher numbers, which are mostly along the border, need to be taken with a grain of salt. And Dan Coleman, the president of Zarsky Lumber in Victoria, believes there's work for anyone who wants it. "We'd hire truck drivers right now if we could find some."

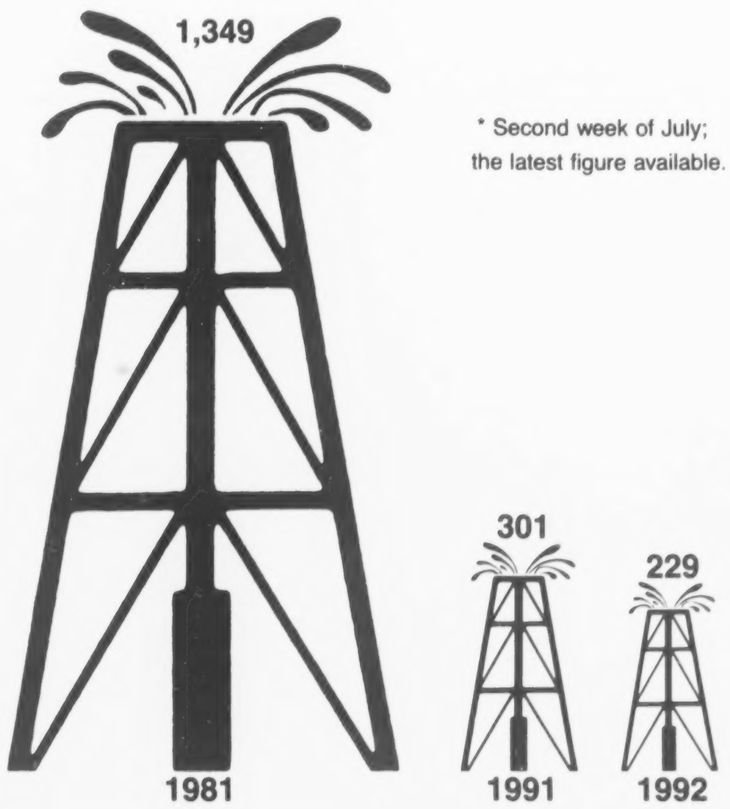
However, 400 of the 8,500 employees Amoco says it will lay off are in Houston alone. And the state's energy economy is exceedingly weak: an

(Continued on page 140)

Economic adjustments could impact retailers' plans

TEXAS RIG COUNT*

(Number of rigs drilling for oil or gas)



* Second week of July; the latest figure available.

Source: Petroleum Information Inc., Houston — *NHCN* chart

The oil industry continues to retrench after the free-fall it experienced in the 1980s.

(Continued from page 138)

oil-gas lease sale conducted by the Texas School Land Board on April 7 generated only 44 bids, the worst since 1954. "Oil companies have endured lower prices—natural gas is at an all-time low—and the big companies have made it clear they can find oil cheaper elsewhere," says Ann Leonard, southern U.S. editor for Petroleum Information Inc., a research group.

'Oil companies have endured lower prices—natural gas is at an all-time low—and the big companies have made it clear they can find oil cheaper elsewhere.'

Ann Leonard,
southern U.S. editor, Petroleum Information Inc.

Another fear is over the impact that proposed budget cuts in defense will have on the economies of towns and cities that are built around military bases. For instance, San Antonio, where there's considerable expansion activity planned by some major home improvement retailers, has five bases which could be vulnerable.

Lastly, many retailers are in areas where agriculture—livestock feed, peanuts, cotton—have been hit hard by the enormous rainfall.

"At this point, [the rain] hasn't hurt us," says Jim Johnson, Higginbotham Brothers' treasurer. "But if it keeps raining . . . ."

TEXAS UNEMPLOYMENT

Standard Metro Statistical Area	May 1992	May 1991
El Paso	10.6%	10.5%
Odessa	10.1	6.2
Corpus Christi	9.8	7.6
Laredo	9.1	9.0
Galveston	8.6	6.8
Midland	7.4	5.1
Brazoria	7.4	5.1
Dallas	7.0	5.8
Houston	7.0	5.5
San Antonio	6.8	6.4
Fort Worth-Arlington	6.8	6.4
Lubbock	6.2	5.3
Amarillo	5.6	4.9
Austin	5.1	4.4

Source: Texas Employment Commission — *NHCN* chart

This summer, Texas appears to have taken a step backward in its recovery, as the unemployment figures in its largest population areas attest. And June figures, by SMSA, were expected to be worse, as the state's unemployment rate rose to 8.3 percent that month from 7.5 percent in May, according to Commerce Department estimates.

JOBS BY INDUSTRY SECTOR

Wholesale and Retail Trade

	May 1992	May 1991
Building Materials and Garden Supplies	42,000	42,600
General Merchandise	169,600	171,500
Food Stores	242,600	238,100
Auto Dealers and Service Stations	134,500	132,800
Apparel and Accessory Stores	75,900	78,800
Eating and Drinking Places	458,100	447,700
Other Retail	184,600	186,200
Total Retail	1,307,300	1,297,700
Total Wholesale	435,500	438,000
Total Non-Manufacturing	6,274,800	6,189,700

Source: Texas Employment Commission — *NHCN* chart

Between May 1991 and May 1992, Texas gained more than 80,000 jobs, including an increase of more than 13,000 in the manufacture and milling of lumber and wood products. But building material and garden retailing saw a slight dip in its employment over that period.

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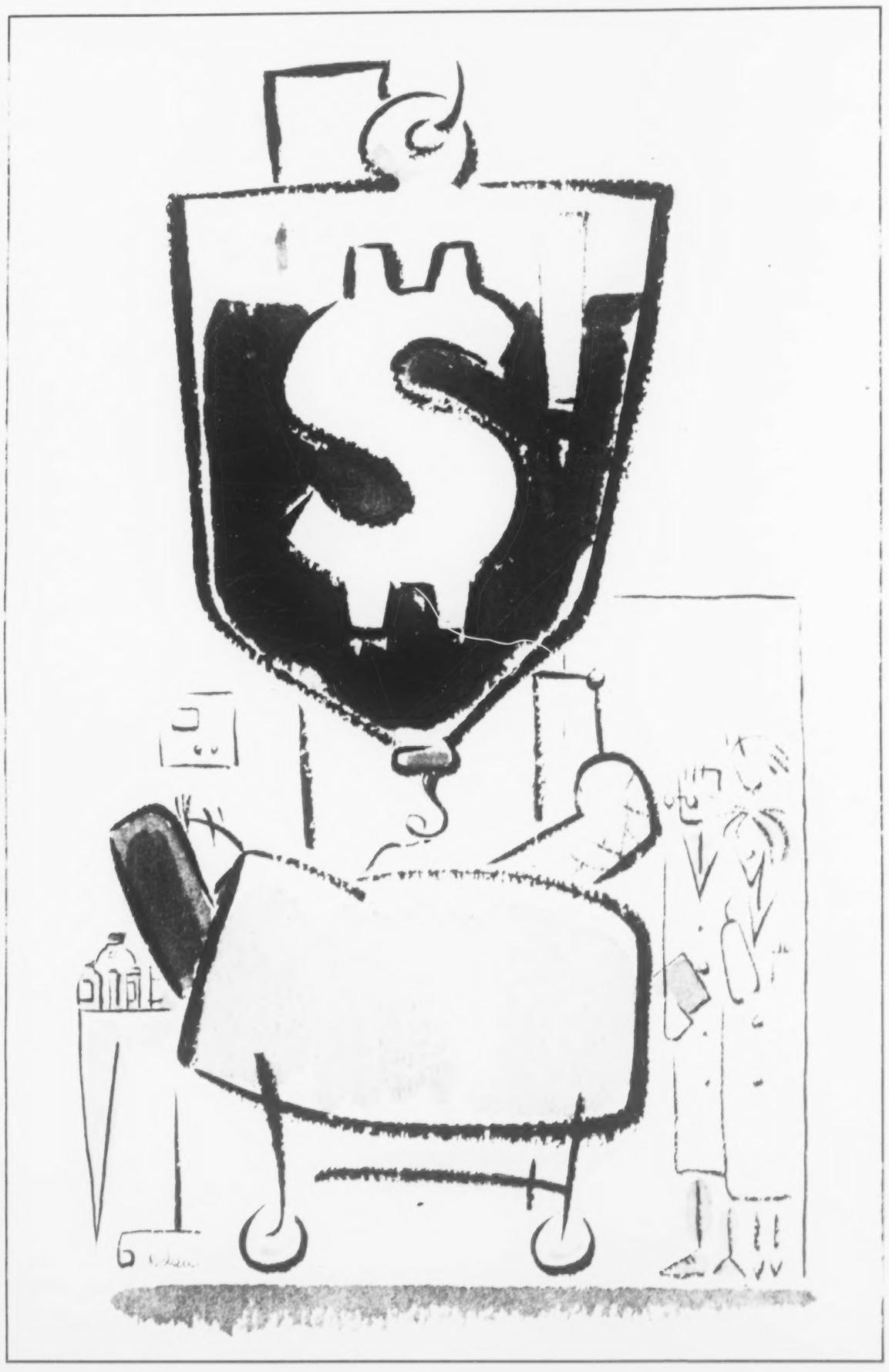
Rising health care costs shrink profits



HMOs, PPOs offer a cure

by Elizabeth Brent

NATIONAL REPORT —Just a few years ago, Cotter & Co. was presented with a $1.7 million bill for a liver transplant for one of its employees. The Chicago-based distributor was unable to negotiate with the provider or control the costs of that patient's care in any way.

Today, things are different. Cotter now belongs to a national transplant program administered by John Hancock. It has access to a selected group of national hospitals reknowned for their expertise in that area with discount rates.

Typically, the discounts are 20 to 30 percent off the first $200,000 with a cap on the total bill. The company has not had to pay a bill for transplants over $500,000 since then, according to Bob Kulowitch, group insurance manager at Cotter.

This is just one example of how dealers have changed the way they provide and administer health care, as they attempt to stem hemorrhaging medical benefits costs.

Retailers switch to managed care

Companies are quickly realizing that traditional fee-for-service indemnity plans do not offer mechanisms to control

(Continued on page 176)

Prevention programs help keep a lid on health costs

Companies promote healthy lifestyle

NATIONAL REPORT—Employees at Ace Hardware's corporate office came to work in May to find an apple on their desk, together with a pamphlet about stretching exercises, that kicked off the company's wellness program.

"We also put up posters to encourage people to walk during their lunch hour," said Diane Gawle, benefits supervisor at Ace, the Oak Brook, Ill., co-op. "Then the following week we walked around the office handing out trail mix and granola bars."

Diane Gawle, benefits supervisor at Ace Hardware, with poster used to encourage employees to walk.
Photo courtesy of Ace Hardware

This is just one of many wellness and prevention programs that home improvement companies are implementing to improve their employees' health and, ultimately, reduce medical costs.

The most common of these programs concern prenatal and baby care. Because of the high number of young females among its 18,000 employees, Payless Cashways discovered that claims to cover premature infant birth and care were its largest single payout category.

So last summer, the 195-unit chain began asking women during their first trimester to complete a detailed questionnaire, offering a car seat, swing or high chair as an incentive. This allows the company to identify potential high-risk cases so that the doctor can develop a better rapport with the expectant mother and monitor her progress.

Payless worked very closely with Principal Insurance Co., also based in Kansas City, Mo., to draw up this pilot program, in what Paul Van Dyne, director of human resources, calls an evolving partnership.

HealthNet, the health maintenance organization (HMO) used by employees of All American Home Center in Downey, Calif., requires that all the physicians in its program encourage pregnant women to attend prenatal classes. It also gives out free car seats to the women who attend.

K mart and its Builders Square division introduced pre-natal education earlier this year. Associates can take home three different videotapes on neonatal care and birth. Flyers are also available at the stores that they can send in to request more information from the March of Dimes organization.

Last year, K mart introduced a well-child program that covers infants after birth for all their routine services and immunization shots, according to the company's director of employee benefits, Don Morford.

(Continued on page 178)

HMOs provide attractive alternative for dealers

(Continued from page 175)
costs. Consequently, these firms are turning to managed care programs such as Preferred Provider Organizations (PPOs) or Health Maintenance Organizations (HMOs).

Some companies are now making enrollment into these organizations mandatory by offering their employees no alternatives. A choice of medical carriers is a luxury that many companies, particularly independents, can no longer afford.

"It's difficult for us as Americans to face," said Don Morford, director of employee benefits at K mart. "We all want the best in health care and we have the best. But there is a cost."

The number of people enrolled in HMOs rose by nearly 32 percent in the last five years, from 25.8 million to 34 million in 1991 according to the Employee Benefit Research Institute (EBRI). Today, 25 percent of the populations of California, Minnesota and Oregon are enrolled in HMOs.

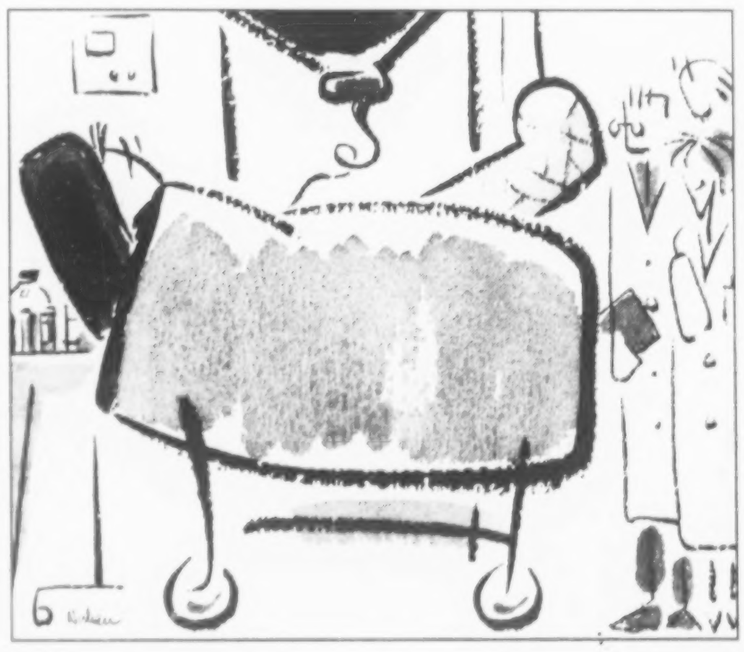
By opting for HMOs, dealers can offer their employees a defined set of services with a group of doctors for a set monthly fee, and a small co-payment per visit.

Independents like HMOs

Independent Taylor's Do-it Center, for example, switched all employees to HMO plans in 1987 after its indemnity insurance premiums rose by 50 percent one year and a further 100 percent the next.

Employees have a choice of two HMOs, Optima and a Blue Cross/Blue Shield program called Health Keepers. Since the switch, premiums have risen by a "very modest" 8 to 12 percent a year according to Judy Oliver, personnel director at the five-unit company.

"At first, employees complained about not being able to go to their own doctors, but now they realize they get a much richer benefit program that is worth the concessions they have to make," she said.



When All American Home Center in Downey, Calif., switched to one HMO, HealthNet, recently, it not only got a break on medical premiums, but also doubled its employees' life insurance benefits, according to Rob Morch, assistant vp-human resources at All American.

The PPO alternative

Other companies find that they get more flexibility and better discounts by compiling their own network of pre-approved doctors and hospitals, known as the Preferred Provider Organization (PPO).

Eighty percent of Payless Cashways' employees have chosen to belong to the PPO that the chain adopted 18 months ago. Individuals are required to go to a pre-approved group of doctors and pay $15 at the time of the visit. In the case of mental care, Payless has set a ceiling of $4,000.

Recently, Payless cut the number of physicians by half, making the system more efficient. It has been able to maintain the co-payment at $15 per visit over the last 18 months according to Paul Van Dyne, director of human resources.

Rural areas pose problem

For some companies, subscribing to HMOs and PPOs is still problematic. Employees at Lowe's, for example, are concentrated in the southeast, where PPOs and HMOs are not as well developed, according to Ed Spears, the chain's director of human resource operations.

Cotter had similar problems in providing care for its rural member stores 18 months ago. But it was able to use its size to negotiate with an existing national PPO network set up by Affordable Healthcare. The co-op saved almost half a million dollars in its first partial year of operation, according to Kulowitch.

With the escalating costs of hospital stays, the larger companies are starting pre-certification systems to evaluate whether treatment programs are really necessary.

Cotter employs four registered nurses, known as "Cotter Care," to interact with the 12,000 people from the 2,100 stores that are enrolled in the program. One of their tasks is to determine whether hospital stays, for non-emergency cases, are really necessary.

This program is far broader than most "utilization reviews," as employees and dependents can call a toll-free number for general discussion of ailments and other problems. The nurses fielded over 15,000 telephone calls last year from members, employees and providers.

Curtailing hospital stays

The success of the program is based on how many days were saved in hospital stays by this intervention and how many visits are reduced from inpatient to outpatient care.

In 1991, for example, Cotter approved 1,800 hospital admissions and the co-op calculates that nearly 1,200 days were saved. At an average cost of $800 per day, this amounts to a savings of over $960,000, according to Kulowitch.

Lowe's also uses a pre-admission review program that began in December 1989, which is administered through Crawford & Co., the Savannah, Ga.-based company. It is responsible for substantial reductions in the length of hospital stays.

Dealers are now practicing far more case management to evaluate the needs of individuals needing long-term care.

"We're very pro-active in alternative care like home health care," said Debra Wood, director, member benefit plans for the Northeast Retail Lumber Association.

In the past six months, one of its dealer-members saved over $30,000 by transferring a patient recovering from brain surgery from a hospital to her home. The patient needed to be monitored by a nurse for four hours a day but did not need to be in a hospital bed.

Unexpected results

K mart, together with its Builders Square division, recently introduced a program for employees and their families suffering from substance abuse, that focused on reducing hospital stays and transferring costs to outpatients.

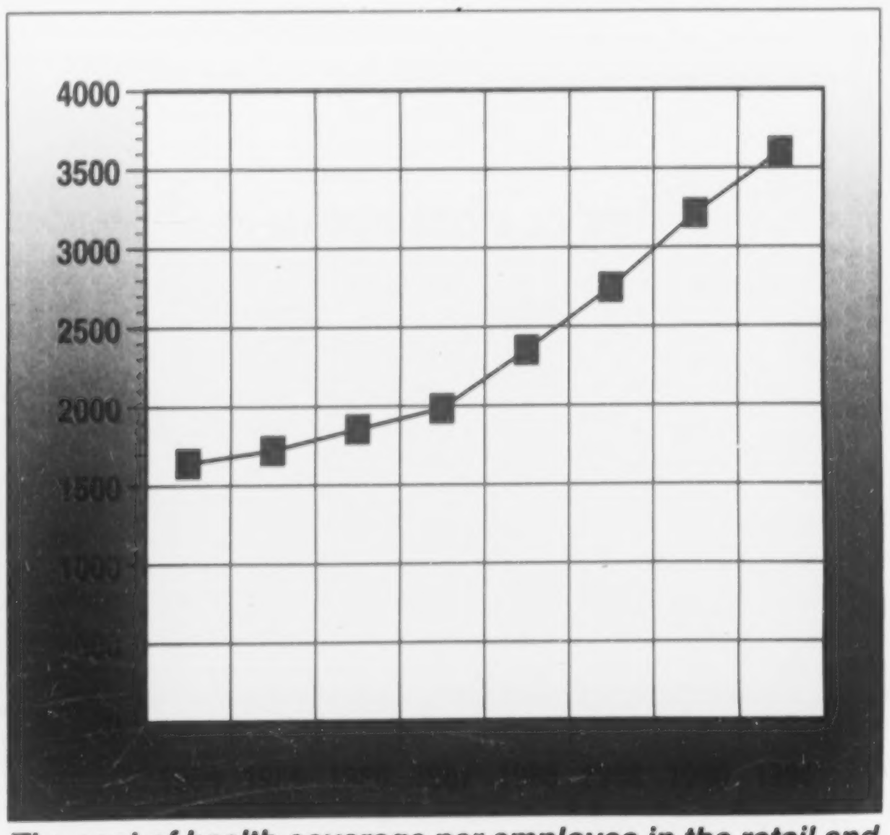
It provided appropriate counseling to all individuals instead of restricting this service to inpatients, with great savings. These came not from the healthcare plan but from reduced absenteeism and improved employee morale, according to Morford, director of employee benefits.

This story was researched with the assistance of Jeanette Hye.

AVERAGE ANNUAL HEALTH PLAN COST PER EMPLOYEE AMONG SURVEYED EMPLOYERS (1984-1991)

	1984	1985	1986	1987	1988	1989	1990	1991
All Employers	$1,645	$1,724	$1,857	$1,985	$2,354	$2,748	$3,217	$3,605
Region								
Pacific	1,898	2,024	2,173	2,246	2,426	2,943	3,260	3,659
Mountain	1,616	1,709	1,815	1,910	2,330	2,703	2,998	3,262
North Central	1,880	1,905	2,046	2,065	2,570	2,822	3,234	3,546
South Central	1,602	1,650	1,784	1,913	2,303	2,511	2,983	3,256
New England	1,578	1,663	1,828	2,063	2,216	2,896	3,361	3,918
Mid-Atlantic	1,671	1,756	1,898	1,974	2,307	2,972	3,553	4,066
South-Atlantic	1,500	1,571	1,692	1,782	2,108	2,408	2,955	3,412
Industry								
Wholesale and Retail Trade	1,398	1,424	1,518	1,762	1,915	2,208	2,494	2,891
Technical and Professional Services	1,805	1,972	2,135	1,906	2,010	2,558	2,961	3,113
Utilities	1,972	2,069	2,175	2,375	2,977	3,452	4,363	4,591
Transportation Services	1,668	1,678	1,905	2,281	2,648	2,632	3,238	4,186
Health Services	1,509	1,605	1,748	1,693	2,073	2,299	2,665	3,149

Source: A Foster Higgins & Co. Inc. *Health Care Benefits Survey, 1991.* NHCN chart



The cost of health coverage per employee in the retail and wholesale industry rose nearly 107 percent in the last eight years from $1,398 to $2,891. The Mid-Atlantic and New England regions have the highest costs in the country.

Preventive programs cut costs

(Continued from page 175)

Many companies now offer some kind of screening to help promote early cancer detection. Some, like the retailer Toys "R" Us, follow the American Medical Association guidelines for these preventive programs. These suggest the age or frequency to conduct pap smears, checks for rectal colon cancer and mammographies.

The Estate of George Snyder now uses a clinic on wheels that comes to its single unit in Hatfield, Pa., for mammography screening. It is far cheaper to schedule appointments for its employees and spouses this way than having it done in hospitals or through private doctors. The company hopes to use the health van for other cancer testing services in the future, according to Frances Deimeyer, personnel assistant.

Many dealers have added smoke cessation classes, too. One building material distributor offered participants who quit smoking for more than three months a chance to change their insurance coverage status to non-smoking and, as a result, realize considerable savings. To date, 20 out of the 675 people insured have quit.

EMPLOYER SPENDING FOR HEALTH INSURANCE

Total Employer Outlays for Group Health Insurance and Medicare Hospital Insurance, and Employer Health Spending as a Percentage of Total Compensation and Gross National Product (GNP)

Year	Employer Spending on Private Health Insurance ($ billions)	Employer Spending on Medicare Hospital Insurance ($ billions)	Health Care as a % of Total Compensation	Employer Health Care Spending as a % of GNP
1975	$ 25.5	$ 5.6	3.3%	1.9%
1976	32.0	6.2	3.6	2.1
1977	38.8	6.9	3.9	2.3
1978	46.0	8.6	4.1	2.4
1979	52.6	10.5	4.2	2.5
1980	61.0	11.6	4.4	2.6
1981	71.7	15.9	4.8	2.9
1982	82.6	16.8	5.2	3.1
1983	91.5	18.7	5.4	3.2
1984	100.3	20.6	5.4	3.2
1985	107.4	22.7	5.5	3.2
1986	113.7	26.1	5.5	3.3
1987	122.9	27.7	5.6	3.3
1988	138.7	29.6	5.8	3.4
1989	157.7	31.8	6.1	3.6
1990	174.2	33.6	6.3	3.8

Source: Employee Benefit Research Institute Databook on Employee Benefits, Second Edition. *NHCN* chart

Employer spending for private health insurance almost tripled in the last decade, with health care taking an increasing share of the benefit package.

BENEFIT SPENDING BY TYPE OF BENEFIT

Employer Spending for Employee Benefits as a Percentage of Payroll, 1990

Type of Benefit	All Companies	Manufacturing	Non-manufacturing
Total benefits	*38.4%*	*40.1%*	*37.4%*
Legally required	8.8	8.9	8.8
Retirement and savings	5.5	5.6	5.4
Life insurance	0.5	0.5	0.5
Medical benefits	9.9	11.6	8.9
Major medical	7.3	8.4	6.7
Retiree medical	1.0	1.4	0.7
Short-term disability	0.4	0.5	0.3
Long-term disability	0.2	0.2	0.2
Dental insurance	0.6	0.3	0.4
Other	0.4	0.3	0.4
Paid rest periods	2.4	2.1	2.5
Paid time off	10.5	10.9	10.3

Source: Employee Benefit Research Institute Databook on Employee Benefits, Second Edition. *NHCN* chart

Employers spent 38.4 percent of their total payroll on benefits in 1990, with medical benefits representing nearly 10 percent of the total payroll.

EMPLOYEE CONTRIBUTIONS TO HEALTH INSURANCE IN MEDIUM AND LARGE PRIVATE ESTABLISHMENTS*

Average Monthly Employee Contributions to Medical Plan Benefits by Type of Coverage

Type of Coverage and Position	1988	1989
Total individual coverage	*$19.29*	*$25.31*
Technical and clerical	19.23	25.95
Professional and administrative	19.09	21.57
Production	19.48	27.43
Total family coverage	*60.07*	*72.10*
Technical and clerical	63.70	79.53
Professional and administrative	59.27	72.76
Production	58.31	67.18

*These tabulations provide representative data for 32 million full-time employees in private non-agricultural establishments with 100 or more employees in the District of Columbia and in all states except Alaska and Hawaii.

Source: Employee Benefit Research Institute Databook on Employee Benefits, Second Edition. *NHCN* chart

Employee contributions to health insurance rose 31 percent for individual coverage, and by 20 percent for family coverage between 1988 and 1989.

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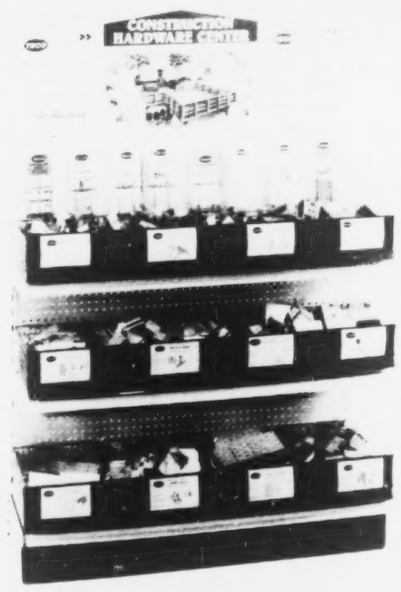

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Environment, mass market key trends

(Continued from page 6)
race, thanks to the power demands of both mulching and self-propulsion mowers, continues apace.

Environmental impact

The mulching trend was apparent in the offering by such vendors as MTD, Murray, Dynamark and O. M. Scott, who included mulching capability on virtually all their mowers, both walk behind and riding. Convertibility is the buzzword for 1992. Two types of mulchers are usually offered: a dedicated model that can only mulch; and optional kits that convert a side discharge or rear-bagging mower into a mulcher.

The mulching kits add about $15 to the cost of a walk behind and about $40 to a rider.

The advantage of the convertibility feature is that gardeners can mow conventionally if their lawns get too long for effective mulching.

Cities such as Pittsburgh this year and Chicago last year are pushing the mulching movement by banning grass clippings and other yard waste from their dumps.

Another environmental consideration, air pollution, will affect the power equipment industry by the end of the decade. Briggs & Stratton contends that the stringent California exhaust emissions for mower engines will significantly affect the cost of engines when they take effect in 1999.

Engine manufacturers might have to add catalytic converters, as well as change cylinder molds in order to meet those standards, said Steve Rugg, vice president, sales and marketing. A catalytic converter for a mower engine now costs between $9 and $11.

Mass market draws vendors

Airens, Homelite and Yard Man are but three of the two-step vendors that are pursuing home centers and discount chains.

Airens is testing its products in three Lowe's home centers, and Lowe's buyers, including divisional merchandise manager Wade Sanders, were looking over additional Airens products at the show.

Among the new Airens products is a walk-behind mower with rotating front wheels that results in a zero-radius turning ability. The company added the new feature to a self-propelled, 5½-horsepower model. The easy turning feature adds about $30 to $599 retail.

Discount Store News photo

The lawn and garden industry is being shaped by the need to respect the environment; develop the mass market; and emphasize competitive distinctions.

Homelite announced it is responding to various market segments by introducing three distinct lines of products: one for the mass market, another for servicing dealers and a third line for professional landscapers.

Three mass market products introduced by Homelite were the Mudbuster power sprayer for home, car and boat cleaning projects, about $250 at retail; a lightweight tiller, also about $250; and a lightweight edger, about $170.

Yard Man, an MTD brand, has restructured its offerings to just a mass market line of three walk-behind mowers, three riders (all with mulcher capability) and a chipper.

Colorful marketing emerges

To emphasize its new direction, Yard Man has changed colors to yellow and metallic green from red.

Dynamark has also given up on red in favor of teal, with cream trim.

In still a third change, Rally has changed from its green and yellow to red. It explained that the change will differentiate itself from its sister company, Weed Eater, which uses green and yellow for its mowers and string trimmers.

But Murray is sticking with its red and orange motif.

In a burst of fashion color, Briggs & Stratton has gone beyond basic black to offer engines in a variety of designer hues. Vendors now can gussy up their mowers with engines painted lime green, royal blue, lemon yellow and a purple hue Briggs & Stratton dubs "California Raisin."

New products introduced

Because of the increased power demands of self-propulsion and mulching, 40 percent of the walk-behind mower engines Briggs & Stratton will sell this year will pack 4 to 5½ horses.

Both Briggs & Stratton and Tecumseh introduced 5½-horsepower engines at the show, and both offer an engine midway between 3½ and 4 horsepower.

Other new products include a Ryobi cordless, mulching mower that will retail for about $400.

A lead-acid battery that features a leakproof gel electrolyte will power the 18-mower for 90 minutes, or long enough to mow ½ an acre, Ryobi claims.

Builders Square, along with Home Depot and Home Quarters Warehouse, are among the home centers that have committed to another new product at the show, the Lazy Boy chipper/vac.

A product of Parmi Tool, a Garden Way company, the walk-behind Lazy Boy vacuums leaves and shreds them into a rear bag. A hand-fed chipper can take branches of up to 1½ inches in diameter.

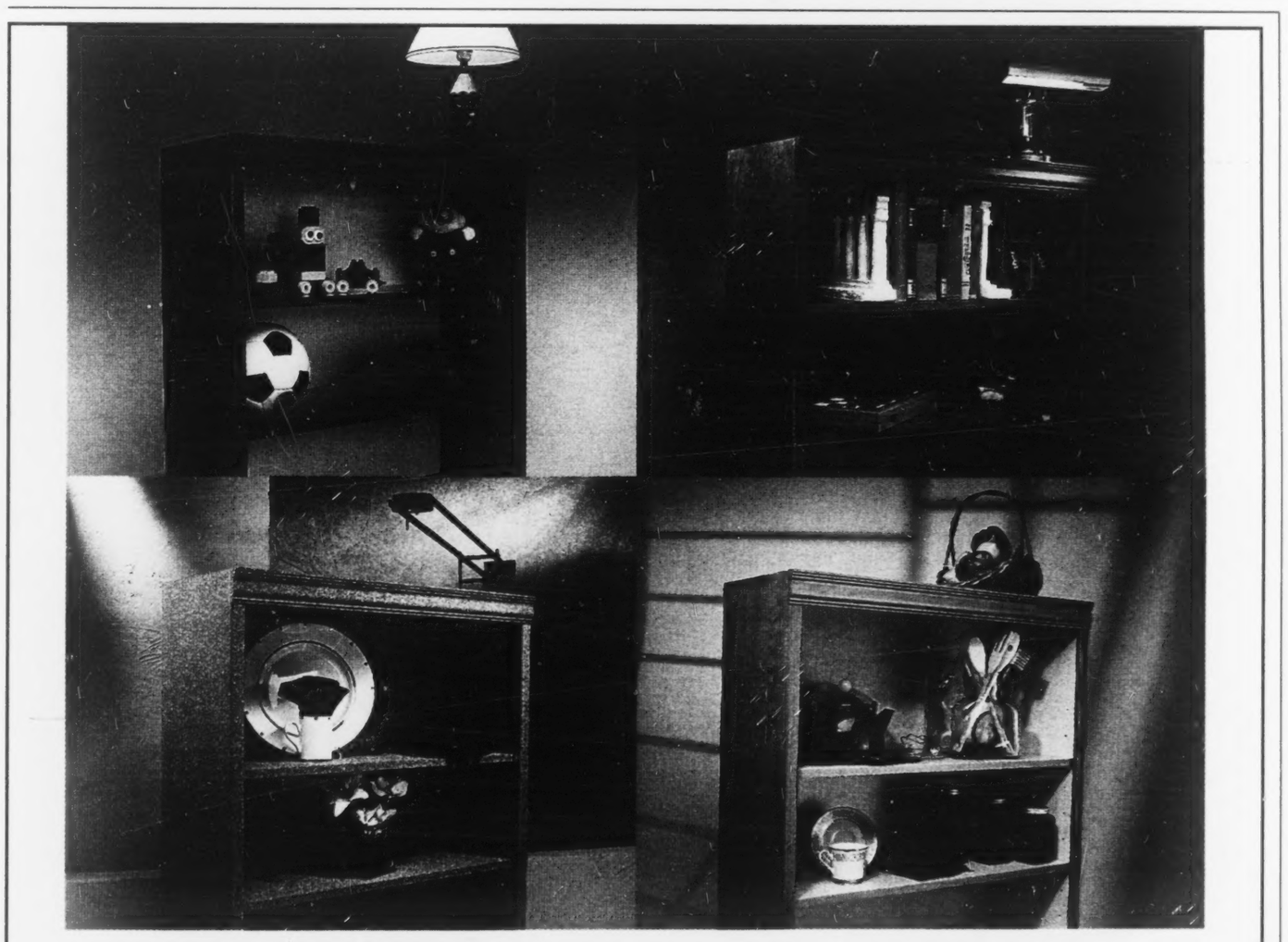
Sears introduced the Lazy Boy this spring under its Craftsman label at a list price of $449, or $399 on ad. Home Depot tested it in New Jersey at $388.

Troy/Bilt, a sister company of Parmi, introduced two, more-powerful walk-behind chipper shredders based on the same concept. A 4-horsepower push model will list for $1,099, while a 5-horsepower, self-propelled version lists for $1,399. At the Dynamark booth, Bill Hogan, seasonal buyer for Home Depot, was "just looking" at the three new shredders Dynamark introduced.

"We see the stuff in advance from our existing vendors," Hogan said. "We come to the show to talk to people we normally don't do business with."

At the Rain Bird display, Charlie Wilson, seasonal merchandise manager for Scotty's, Winter Park, Fla., was investigating drip irrigation systems.

Drip irrigation is big in California but is "just beginning to catch on" in Florida, he said.



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ServiStar offers to bail out CBS

(Continued from page 3)

ServiStar did not extend this offer to be a temporary supplier to all 280 owners, some of whom, according to CBS documents, owe the company between $5 and $6 million with debts that go back two years.

The CBS venture will strengthen the ServiStar organization, which is already the third largest dealer-owned co-op with members in 48 states. The arrangement is somewhat similar to ServiStar's action two years ago when it set up a separate entity for Coast to Coast, the hardware co-op which, unlike CBS, had filed Chapter 11. But Coast, being a hardware co-op, also had a network of distribution centers. CBS, as a lumber and building materials broker, deals directly with the mills.

McKitrick ends 21 years at BE

(Continued from page 3)

ny may slow down its aggressive plans.

McKitrick's new assignment, Central Tractor, operates stores in rural markets throughout the Northeast and Midwest and specializes in products geared towards farm improvement, said Dean Longnecker, senior vp-finance at Central Tractor.

The stores sell some home improvement products, like hardware, electricals and plumbing, but most of the customers are farmers who need repair products for their farms.

"You couldn't buy all you need to rewire your home, but you could buy the products to rewire a barn," he said.

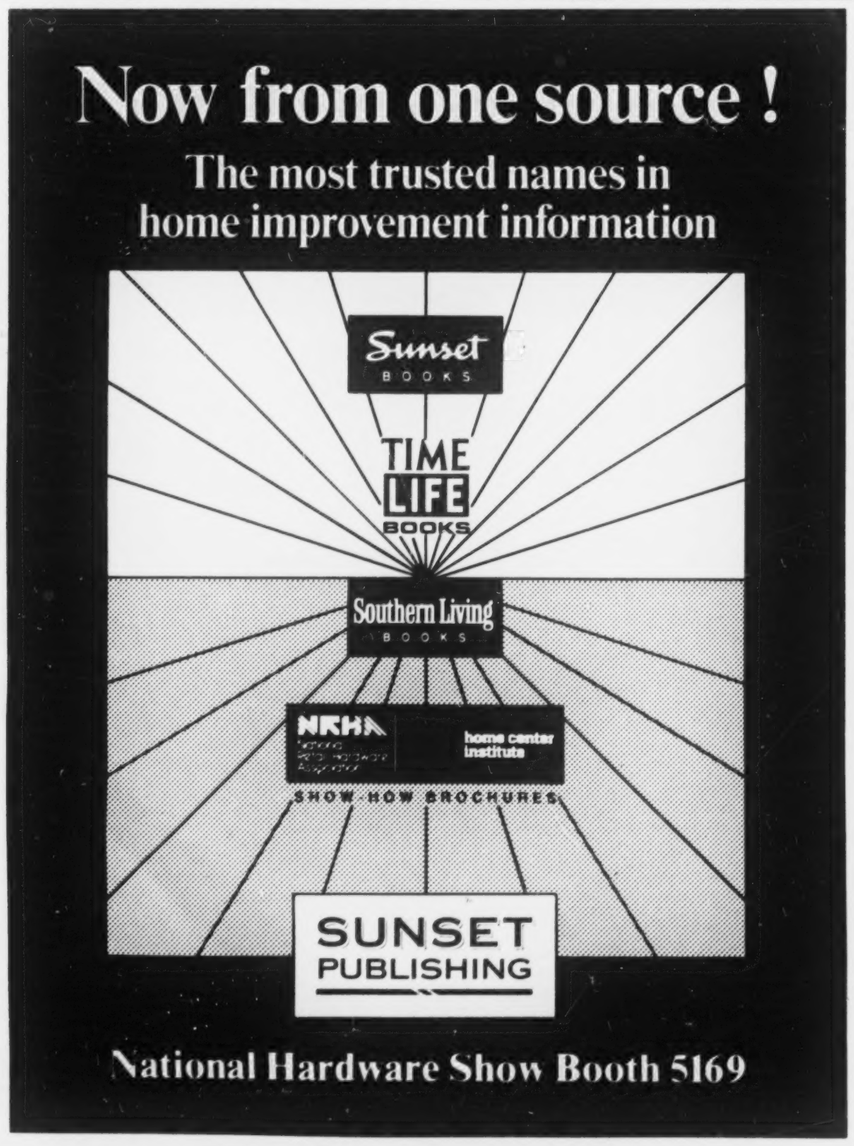
Central Tractor's former president, Elliott Brody, is leaving the post to become chairman of the board.

CLARIFICATION

A chart on page 52 of the Distributor Scoreboard issue of *National Home Center News* (May 11), indicated that annual sales for ServiStar, the nation's third largest hardware cooperative, headquartered in Butler, Pa., declined 2.1 percent to $1.322 billion in 1991 from $1,361 billion a year earlier.

As noted, this year-to-year comparison was arrived at by including in the 1990 figure sales for Coast to Coast, a hardware cooperative that ServiStar acquired in September of that year.

In fact, when Coast sales are removed from the year-to-year comparison, ServiStar shows a 14.7 percent gain in volume from $1.161 billion to $1.332 billion.



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Lowe's expansion charges ahead

'100++' could equal $10 bil. by 2000

by John Caulfield

NORTH WILKESBORO, N.C. — Lowe's Cos. will accelerate its store growth dramatically next year, when it plans to open 60 stores, between 35 and 40 percent of which will be 100,000 square feet or more. This is part of an even larger strategy to increase the company's revenues to more than $10 billion by the year 2000.

The news of this expansion ended what was a tumultuous two-week period for the industry's second largest home center dealer.

During this period, Lowe's named a new executive vp-store operations who came from the mass merchant and office warehouse field; reported the first quarter in its history to exceed $1 billion in sales; and saw its stock price plunge by more the $4 per share despite the fact that its quarterly earnings rose by 18 percent.

NHCN photo

Robert Strickland

"The market has been unforgiving," said Robert Strickland in an interview with *NHCN* at the Hardware Show in Chicago earlier this month. "As Einstein proved, we are living in a world of relativity."

There's nothing relative about the fact that the 306-unit chain is launching a more aggressive defense against the rapid onslaught of warehouse-style home improvement centers (read: Home Depot) into its southeastern markets.

Unveils '100-plus-plus' strategy

In a meeting with vendors at the Show, the details of which Strickland disclosed to this newspaper, Lowe's explained what it's calling its "100-plus-plus" strategy.

By the end of this year, Lowe's is scheduled to have opened 39 new stores, of which 35 are relocations of small units into larger stores ranging in size from 65,000 to 100,000-plus square feet. The four other stores are in new markets. (For this expansion, the company took a $71.3 million charge in the fourth quarter of 1991.)

(Continued on page 44)

HWI teams up with top Canadian co-ops

Will extend international reach

FORT WAYNE, Ind. — In a move to expand its international reach and thwart competition to the north, Hardware Wholesalers Inc. (HWI) agreed to develop purchasing, operations and marketing programs with two of Canada's largest co-ops.

HWI, the fourth-largest dealer-owned buying group in North America, now joins forces with Ro-Na Alliance Home Inc., which includes Home Hardware in St. Jacobs, Ontario, Canada's largest buying group with sales last year of $650 million from 904 affiliated dealers operating 970 stores; and Le Groupe Ro-Na Dismat, the Quebec-based buying group with sales last year of around $380 million from 379 dealers operating 460 outlets.

"We found that the three companies' cultures are very similar, with a focus on keeping the independent dealer competitive," said Mike McClelland, HWI's executive vp. "We see this as a tremendous opportunity to help each other."

Robert Harritt, Ro-Na's vp-finance, also noted

(Continued on page 43)

SECOND CLASS
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4520 EAST WEST HWY/STE 800
CONGRESSIONAL INFORMATION I
JAYNE LONG
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**********ALL FOR STATE

Traffic heavy at Hardware Show

New Building Products Expo draws strong reviews

CHICAGO — The environment, a new building materials show, a call to vendors and dealers to "partner or die," and the unveiling of an ambitious expansion plan from the Lowes Cos. were the highlights of the 1992 National Hardware Show that was the busiest and possibly the most upbeat in the last several years.

The American Hardware Manufactures Association (AHMA), sponsoring organization of the 2,700-booth show, said both preregistration and on-site registration for the show were up 30 percent over 1991 figures when an estimated 64,000 persons attended.

(Continued on page 43)

NHCN photo

Gov. John Sununu (right), former White House chief of staff, talks with William Farrell, AHMA president, at the Show.

NHCN photo

HomeBase: 27, Home Depot: 8
Charity: $270K

Jim Halpin (third from left), HomeBase's president, shakes hands with Arthur Blank, his counterpart at Home Depot, after HomeBase whipped its warehouse rival in a softball game that raised money for The City of Hope medical center. To Halpin's right is HomeBase's vp-merchandising Bill Pena, one of the game's stars. For details, see p. 5.

Pergament Home Center's ceo, Alan Kane, resigns

Bank lender sealed his fate

by Gary S. Ruderman

MELVILLE, N.Y. — Acceding to the demands of the chain's main bank lender, the president of Pergament Home Centers resigned on Aug. 21.

Alan Kane, who came to Pergament 18 months ago from the department store field, said he was asked to leave last March but stayed on to handle "the difficult decisions" made in the last six months to save the East Coast chain.

Robert Tammero, the former president of Bloomingdale's who was brought in earlier this year by the company's investor-own-

(Continued on page 43)

UPDATES

Pay 'N Pak gets final OK for liquidation

KENT, Wash. — Pay 'N Pak was granted final approval for its managed liquidation last month.

The court order authorized the company to continue its going-out-of-business sale, which will last until the end of September.

So far, the sale—which is expected to generate $73 million to help pay back the $220 million owed to banks, bondholders and trade creditors—has been more successful than Pay 'N Pak had hoped, said Tim Lucia, vp-marketing and merchandising.

Lucia said the sale may even generate more than the expected amount.

The bankruptcy court also approved a settlement reached between Pay 'N Pak, its bank group and the creditors committee. The agreement will free up $25 million to $35 million in assets from the bank group's claims which will be distributed among the creditors.

The court sent claims forms to the creditors, who have until Oct. 1 to file their post-petition claims.

Home Depot offers reward in murder case

LOS ANGELES — Home Depot teamed up with Secran Armored transportation to offer a $35,000 reward for information leading to the arrest and conviction of the three people responsible for the robbery and murder of a Secran armored guard in Home Depot's San Fernando store last month.

The Los Angeles Sheriff's Department has so far made one arrest in connection with the crime; said sheriff's deputy Rich Erickson.

Edwin Maldonado, 26, was shot and killed July 21 as he was leaving the store's office with cash. Two robbers, believed to be in their 20s, took the cash and escaped out the rear emergency exit. Several employees and customers witnessed the scene.

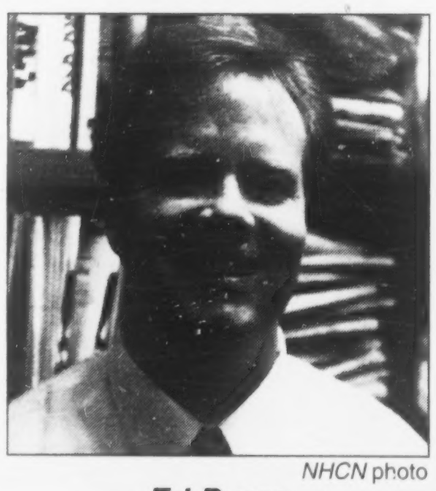
* *

Ed Purce joins staff of *NHCN* as associate editor

NEW YORK — Ed Purce joined *National Home Center News* Aug. 10 as an associate editor.

Purce, 31, was previously an assistant editor and a police reporter for *The Riverdale Press*, a weekly newspaper in the northwest Bronx.

He received a bachelor of arts degree from Cortland State University, a university of the state of New York school.



NHCN photo

Ed Purce

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NEWS BRIEFS

Channel helps vendors meet with buyers

WHIPPANY, N.J. — Channel Home Centers has declared Wednesdays "Open Buying Day," with the goal being to make it easier for vendors to pitch their products to the chain's buyers.

Each Wednesday beginning Sept. 15, Channel will allow suppliers to visit its headquarters without an appointment.

"The more the merrier," declared Channel's vp and general merchandising manager, Ethan Klausner. "We'd just stay longer that day," he promised, if the line at the door gets too long. "It's no big deal."

Opening Buying Day "will open our horizons," Klausner added. It will give buyers the chance to see new ideas and alternative sourcing for current product lines.

Normally, vendors would have to schedule appointments with Channel's 12 buyers. Under the new program, vendors will simply show up at Channel's offices to meet with the buyers from 8:30 to 11:30 a.m.; hours will be extended so that each vendor gets a chance to meet with a buyer.

No one vendor would be permitted to monopolize the time of a particular buyer. If another meeting is necessary, it will be scheduled at that time.

The buyers will schedule no meetings or visits to any of Channel's 53 stores on Wednesdays.

Joseph Nusim, Channel's president and ceo, said this plan was implemented because he knows very often the busy schedule of his company's buyers often means it can take weeks for a vendor to get in the door. This program "cuts out all the waiting," he explained.

Nusim thought the program would particularly benefit the vendor who is new to the chain's buyers.

Sinclair taps home centers for paint sales

LOS ANGELES — Sinclair Paint Co., with 50 factory stores in California, Arizona, Nevada and Hawaii, will now sell a private-label paint to home centers and hardware stores.

Sinclair, which has been selling its paints through its own stores since 1928, was looking for ways to grow its business and break into the home center market, said Cliff Wright, manager of the newly formed dealer/distributor division.

Wright joined Sinclair Paint in June and the new department has since developed a paint specific to the home center market called "Sinclair Painters Choice."

The paint is geared towards professional builders and remodelers who buy through home centers, Wright said. So far, nine Grossman's Western Division stores have begun carrying the brand, he said.

Wright said the paint company is more concerned with selling to smaller regional chains in the western states than the larger home center and discount store chains, many of which cater predominantly to DIYers.

Sinclair will also sell its new brand to independent professional paint stores located in markets where the company does not have its own stores. The paint chain has also recently started selling its products through paint distributors in Mexico, he said.

"We're looking to expand," said Larry Allen, director of advertising.

Allen said the company is also focusing on opening several new factory stores and recently acquired Mason Paint, a small Sacramento-based paint manufacturer with three stores in that area.

Sinclair purchased two of the Mason stores and is now operating them under the name Mason-Sinclair. At the end of this year, the stores will operate under the Sinclair Paint name, Allen said.

Standard Brands touts low prices

TORRANCE, Calif. — Standard Brands Paint Co. has launched a multimedia advertising campaign touting "great paint at a great price."

The paint chain is advertising on television and radio in all its markets and on 120 billboards in the Los Angeles area. The campaign will run until the end of September, said spokesman Kathy Rosin.

Rosin said the advertisements emphasize the fact that Standard Brands' paint is delivered to the stores directly from the factory, thus cutting out the middleman and lowering the prices. The spots also send the message that these prices are lower than those found at warehouse stores.

In other news, Standard Brands has rolled out a new contractor paint program called "Professional," Rosin said. It is being tested in 10 Los Angeles stores and will be rolled out to others if successful.

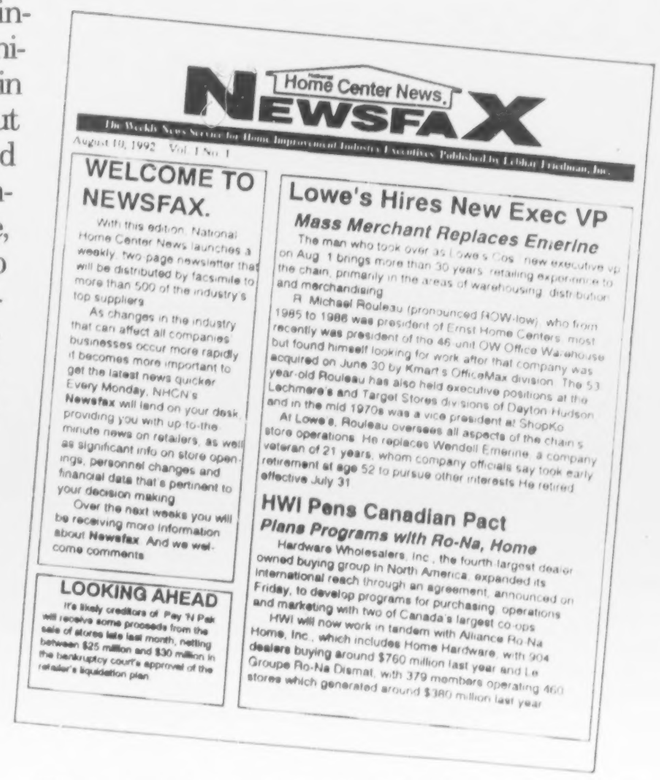
NHCN launches fax newsletter

NEW YORK — *National Home Center News* has launched a new weekly newsletter called *Newsfax*.

The inaugural issue of the two-page newsletter was transmitted by facsimile machine on Aug. 10 to 500 manufacturing and advertising decision-makers. The newsletter will henceforth be delivered every Monday to these executives' offices, making *Newsfax* the most timely source of industry news currently available.

The goal of the newsletter, said *NHCN* and *Newsfax* publisher Wyatt Kash, "is to provide up-to-the-minute news electronically to suppliers in the industry about their retail and wholesale customers." In the future, *NHCN* will also prepare specialized company reports that will be faxed on a per-order basis.

For details, contact the newsletter's editor, *NHCN* senior editor Gary S. Ruderman, at 312-645-5082; or Kash at 212-756-5150.



Home Center News NEWSFAX

The Weekly News Service for Home Improvement Industry Executives. Published by Debbie Friedman, Inc.

August 10, 1992 Vol. 1 No. 1

WELCOME TO NEWSFAX.

With this edition, National Home Center News launches a weekly, two page newsletter that will be distributed by facsimile to more than 500 of the industry's top suppliers.

As changes in the industry that can affect all companies' businesses occur more rapidly it becomes more important to get the latest news quicker. Every Monday, NHCN's **Newsfax** will land on your desk providing you with up-to-the-minute news on retailers, as well as significant info on store openings, personnel changes and financial data that's pertinent to your decision making.

Over the next weeks you will be receiving more information about **Newsfax**. And we welcome comments.

LOOKING AHEAD

It's likely creditors of Pay 'N Pak will receive some proceeds from the sale of stores late last month, netting between $25 million and $30 million in the bankruptcy court's approval of the retailer's liquidation plan.

Lowe's Hires New Exec VP

Mass Merchant Replaces Emerine

The man who took over as Lowe's Cos.' new executive vp on Aug. 1 brings more than 30 years' retailing experience to the chain, primarily in the areas of warehousing, distribution and merchandising.

R. Michael Rouleau (pronounced ROW-low), who from 1985 to 1986 was president of Ernst Home Centers, most recently was president of the 46-unit OW Office Warehouse but found himself looking for work after that company was acquired on June 30 by Kmart's OfficeMax division. The 53-year-old Rouleau has also held executive positions at the Lechmere's and Target Stores divisions of Dayton-Hudson and in the mid 1970s was a vice president at ShopKo.

At Lowe's, Rouleau oversees all aspects of the chain's store operations. He replaces Wendell Emerine, a company veteran of 21 years, whom company officials say took early retirement at age 52 to pursue other interests. He retired effective July 31.

HWI Pens Canadian Pact

Plans Programs with Ro-Na, Home

Hardware Wholesalers, Inc., the fourth largest dealer-owned buying group in North America, expanded its international reach through an agreement, announced on Friday, to develop programs for purchasing, operations and marketing with two of Canada's largest co-ops.

HWI will now work in tandem with Alliance Ro-Na Home, Inc., which includes Home Hardware, with 904 dealers buying around $760 million last year and Le Groupe Ro-Na Dismat, with 379 members operating 460 stores which generated around $380 million last year.

***The premiere issue of* NHCN's Newsfax.**

Making mail-order matter to DIYers

Catalogs represent a potential, yet undeveloped, source of customers

by Ken Schept

A catalog arrived today, beckoning me to shop its four-color pages of faucets and bath accessories, lighting and cabinet hardware.

I browsed. I admired. But I didn't feel compelled to dial the 800 number. The catalog has arrived regularly for several years. In the beginning it offered welcomed access to exotic, or at least hard-to-find, merchandise.

However, its contents are now just a short drive away. While the catalog hasn't changed much recently, the best home centers have.

A newsletter about catalog shopping arrived today, too. It suggests that the typical catalog shopper represents the ideal customer for home improvement merchandise.

An article entitled "Catalog Shoppers and What Sets Them Apart" that appeared in the Deloitte & Touche newsletter, *Retail Market Analysis,* offered these insights:

• "Catalog shoppers are do-it-yourselfers, who make repairs on their homes and cars;"

• "More catalogers own homes than rent . . . 66 percent of catalogers and only 56 percent of non-catalogers) live in houses rather than in apartments or condos;"

• "More than half of all catalogers make repairs around the house, in contrast to just about one-quarter of the non-catalogers."

At a time when so many home centers are attempting to broaden their appeal to female shoppers, it's also interesting to note that "women outnumber men among catalog shoppers, 58 percent to 42 percent," according to surveys by Impact Resources, which formed the basis of the Deloitte & Touche article.

Similarly, the powerful assortments, which can be shown in a catalog, project one of today's competitive advantages—merchandise dominance, either across categories, as a warehouse store, or in a specialized niche.

Of course, an idea like this is always accompanied by a contingent of "yes, buts," such as, "yes, but mail order catalogs are a different business."

Yes. But installed sales is a different business. So are rental and special order.

Like these cases, catalog sales is another strategic approach to gaining incremental business.

Home centers will continue to offer customers the widest choice and will remain a home improvement merchant's central connection to the market. But in this fierce battle for customers, those who ignore other options risk being trapped in the box.

New season is ripe with opportunity

Many dealers hope their summer successes can last into the fall

by John Caulfield

Summer, which Albert Camus proclaimed "invincible," will yield to fall shortly. As the dog days set in, many retailers, whose stores are enjoying a strong selling season, are probably commiserating with Shakespeare's lament that "summer's lease hath all too short a date."

It's been a very interesting and strange season for this industry. The competitive heat wilted a lot of companies, while others thrived on it like marathon runners in the recent Olympics.

Emily Dickinson once spoke of "Reeling—through endless summer days," and those days must really have seemed endless for employees in Home Depot's stores in New Jersey, which kicked off the summer by staying open for 24 hours a day through Memorial Day weekend.

"Wanting," wrote poet Robert Browning, is like "summer redundant," and this summer unusual number of dealers and wholesalers were found scrambling to fill unanticipated vacancies in their executive ranks

Builders Emporium is searching for a new president. Builders Square just named a new president. Lowe's two weeks ago appointed a mass merchant as its executive vice president. Most recently, Pergament's president resigned Aug. 21 (*see page 1*).

ServiStar got a jolt when longtime president Larry Zehfuss this summer announced his plans to retire at year's end. This turned out to be emblematic of the unpredictability of the co-ops in general, highlighted by ServiStar's takeover of the beleaguered Central Builders Supply, and the agreement between Hardware Wholesalers, Inc. and two Canadian co-ops to jointly develop a variety of programs (*see page 1 for details*).

Internationalism, in fact, wafted through the industry like the "ripening breath" of a summer's breeze Shakespeare calibrated in *Romeo and Juliet*. Several U.S. vendors are participating in a program, initiated July 4, to build American-style homes in Russia. Other suppliers increased significantly their shipments of lumber into Mexico, a market that several retailers and wholesalers are eyeing for expansion. Home Depot is expected to announce late this summer where its first store in Europe will be.

The winding down of summer can be depressing. Jeremiah's biblical blast—"The harvest is past/the summer is ended/and we are not saved"—is typically bleak.

All evidence, though, points to a more optimistic home center industry looking forward to a long Indian summer that revitalizes their business and transcends the inexorable changing of the seasons.

National Home Center News

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers

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Paint sundries maintain firm foothold on dealers' shelves

PORTLAND, Ore. — Paint sundries—brushes, rollers, drop cloths, pans, putty knives, tape, solvents, etc.—continue to be important items in most retailers' paint departments for the add-on sales and profits they produce.

Generally sold in drop bins or on endcaps, and oftentimes displayed as impulse items, sundries remain one of the sure-fire staples for home centers.

In this city, three home centers—Ernst Home & Nursery, HomeBase and Supply One—have their own ways of displaying the products in hopes of picking up more sales. All the stores use the display areas to give consumers a better idea of what they need to help make their painting project a success.

In addition to featuring paint sundries in dump bins and on endcaps, HomeBase hangs items right on the shelves containing paint cans. Products displayed are often changed depending on new merchandise received in the store and sale items.

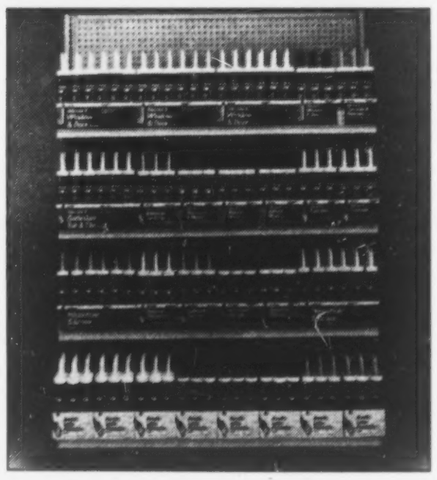
NHCN photos

In the back of the paint department, at the color matching center, Supply One displays sundries on a "Do You Need?" board, to remind consumers of products they need while in the store.

Two Ernst employees work on restocking the color-coded paint sundries aisle. Even though these products were not featured on an endcap, Ernst endcapped paint and roller sets to lure customers into the department.

NEW PRODUCTS

GE Silicones eases caulk, sealant choices



GE Silicones, Waterford, N.Y., has begun marketing its new Show & Sell Merchandising System for sealants and caulks to hardware stores and home centers nationwide to help consumers in selecting the most appropriate GE sealant or caulk for their specific needs.

The system combines large, easy-to-read graphics with bold symbols representing suggested uses for each formulation.

Contact GE Silicones, Inquiry Handling Service-PR# GECON 92-49, P.O. Box 330, Peekskill, N.Y. 12140, (518) 233-3505 or circle number 200 on the reader service card.

Norton offers multi-use sanding rolls

Norton Co., Worcester, Mass., offers All Purpose Handy Rolls®, designed for a wide range of contour sanding applications. They can be used on a variety of surfaces.

To learn more, contact Norton at P.O. Box 15008, Worcester, Mass. 01615, (800) 321-3316 or circle number 201 on the reader service card.

More new products appear on page 27.

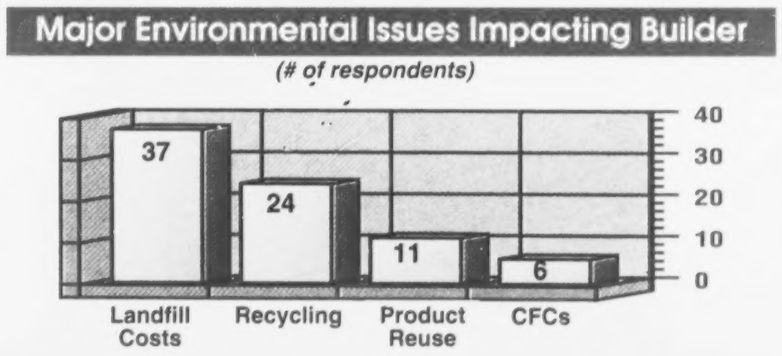
Builders get earth-smart

Landfill costs, recycling are key concerns

NATIONAL REPORT — Environmental issues remain a major concern among residential home builders, according to a survey conducted by Dow USA.

More than 2,400 builders responded to questions regarding their building practices and buying habits during the National Association of Home Builders Show in Las Vegas last January. The results were released at the end of July.

The survey found that builders are becoming increasingly concerned about landfill costs and product recycling. In fact, 32 percent of respondents said that they spend between $250 and $500 on disposal costs per home built, while a further 9 percent spent over $1,000 per home built.



(Top) Residential home builders rank landfill costs as the key environmental issue facing them, according to a survey conducted by Dow USA. (Bottom) As a result, 33 percent spend upwards of $500 on waste disposal per home.

Builders also preferred to buy "environmentally sensitive" construction products, with 68 percent of those surveyed indicating that they would be more likely to purchase polystyrene foam insulation that was made from recycled content than insulation which was not.

Lowe's speeds up store growth

(Continued from page 1)

Next year, Lowe's, according to Strickland, will open 30 replacement units and 30 stores in new markets, the locations for which weren't revealed. He said that between 35 and 40 percent will be 100,000-square-foot warehouses.

All aboard!

The first "plus," he explained, was that after this expansion, Lowe's has growth plans in 1994 and beyond that will reflect its new-found aggressiveness. The second "plus" is that, by relocating smaller units into bigger boxes, "the opening of 100 stores could be the equivalent of opening 200, 300, 400 smaller units for certain product categories," said Strickland. Some vendors told *NHCN* that Lowe's projected their business could increase by as much as 300 percent.

"What we're telling our suppliers is that 'the train is moving, you better get on board,' " said Strickland.

One of the conductors on that train signed on with the company only two weeks earlier. R. Michael Rouleau on Aug. 1 was named Lowe's executive vp-store operations. The 53-year-old Rouleau (pronounced ROW-low), brings 30 years' retailing experience to the company, having held executive positions in merchandising, warehousing and distribution with Dayton Hudson Corp.'s Target Stores chain, and was also president of Lechmere's from 1980 to 1983.

Rouleau also served as president of Ernst in Seattle from 1985 to 1986, when he was replaced by that chain's current president Hal Smith.

"He is a hands-on merchant, he has distribution experience, he has [chief operating officer] experience and he has big picture experience," said Strickland, who described Rouleau as a "hot property."

Rouleau replaced Wendell Emerine, a 21-year veteran of the home center chain, whom the company said was taking "early retirement" to "pursue other interests." Emerine could not be reached for comment.

Most recently, Rouleau was president of the 46-unit OW Office Warehouse chain in Virginia Beach, Va., which he cofounded in September 1988 with former Home Quarters Warehouse owner and chairman Bernard Kossar.

Kossar said that OW was noted for its "state-of-the-art systems" in operations, including inventory management and store display.

The company was sold to K mart in June 1992 for $75 million and the assumption of $18 million in debt, at which point all its management, including Rouleau, was replaced. At the time, the company was not profitable, and was saddled with some poor locations.

Revenues up 25 percent

Profit is not something that Lowe's has had problems with this year, as it reported robust sales and earnings for the six months ended July 31.

In that period, the company's revenues shot up by 25 percent to $1.945 billion, and its earnings jumped by 46 percent to $53.5 million.

Lowe's second quarter was its first to exceed $1 billion, hitting $1,061,645,000. In the first half, the company's retail business grew by 28 percent, while its contractor sales increased by 20 percent.

However, its second quarter earnings, which rose 18 percent to $29.7 million, were below the expectations of some securities analysts. Consequently, the company's stock price fell $4.375 per share on the day the company reported its numbers, and fell another 63 cents to $18 per share on the following Monday.

It is understandable why Lowe's wants to move into bigger locations, though. Through the second quarter, the company's 90 larger stores (65,000 to 100,000 square feet) represented 30 percent of the chain's total units, but were contributing 38 percent of its volume, compared to only 15 percent two years ago when big stores represented only 13 percent of Lowe's numerical total.

Home Depot, HomeBase go to bat for charity

(Continued from page 5)

Even the appearance of Pat Farrah, one of Home Depot's founders and its former executive vp-merchandising, couldn't inspire the team.

Despite appearances to the contrary, both sides took the game very seriously.

Home Depot's players, who insisted they didn't have time to practice as much as HomeBase's team, had been sent to a professional baseball school for training. HomeBase's players, on the other hand, joined the Fullerton softball league.

The game raised $270,000 in vendor sponsorships to benefit The City of Hope, a Duarte, Calif.-based hospital that specializes in the research and treatment of catastrophic diseases. The hospital also provides financial assistance to needy patients.

The softball game was the first of its kind for the chains, which hope to continue the tradition annually.

The whole idea to play ball was sparked a few months ago by Andy Passman, the plumbing buyer for HomeBase. Passman and the HomeBase merchandising staff posed a challenge to Home Depot's western division buying staff. (Both are based in Fullerton.)

Planned as annual event

Arthur Blank, president of Home Depot, and Jim Halpin, HomeBase's president, served as umpires and both said they hope to raise $500,000 for The City of Hope next year.

"It was a lot of fun," said Halpin after accepting a trophy from a City of Hope representative.

Blank echoed that sentiment. Next year, however, he wants to settle the score.

"We'll try to win next year. We don't like to lose twice, let alone once," Blank said.

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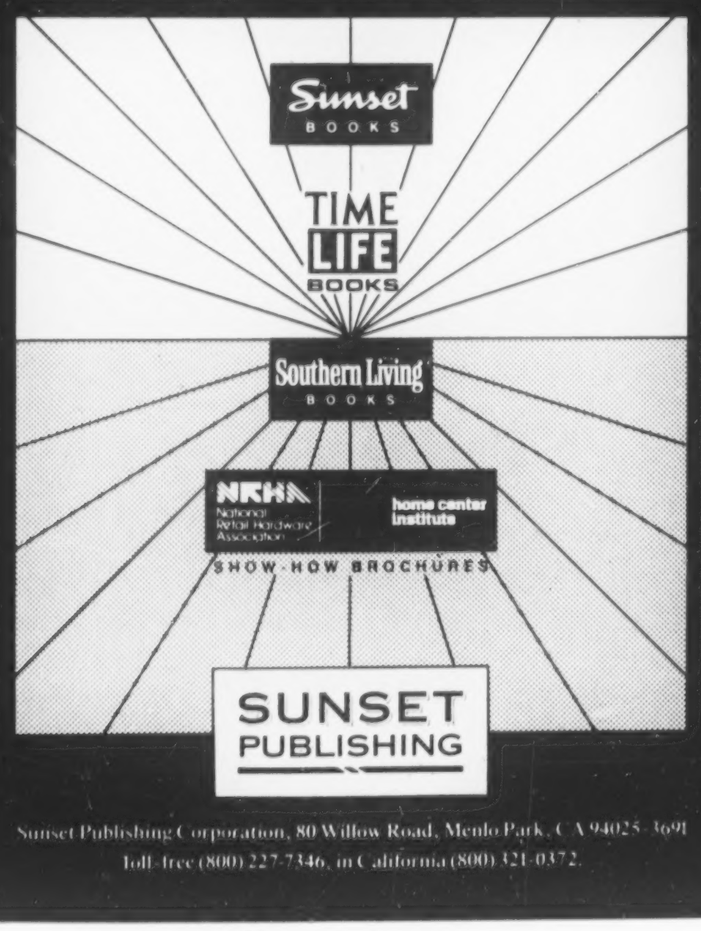

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Hurricane relief mobilizes industry

Nationwide aid helps hard-hit dealers, workers, residents

by Ed Purce

HOMESTEAD, Fla. — Daryl Lansdale stood in the parking lot of Scotty's store here, talking on a cellular phone. The store, he told a caller, "doesn't exist anymore."

The president of Scotty's transacted sales out of a shoe box and provided instant credit to customers who lacked cash.

That was reality for untold numbers of businesses and individuals a week after Hurricane Andrew wiped out huge sections of southern Florida and Louisiana over a three-day period last month.

In the first days after the storm, home improvement companies worked furiously to help their employees and customers who were victimized by the storm.

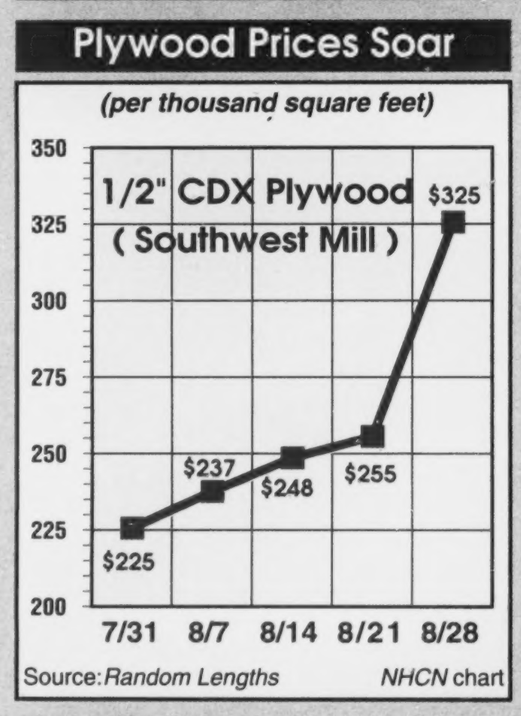
Calls to Builders Square, Home Depot, Scotty's, Lowe's; the co-ops Cotter & Co., Ace Hardware and ServiStar, and a host of independents found that while a few units were destroyed, most were functioning, even though many suffered structural or water damage, were without electricity and, in some instances, were selling product from their parking lots or lumberyards.

Many companies, both in Florida and from around the country, extended a philanthropic hand to the local communities, either by donating goods

(Continued on page 50)

Photo courtesy of *The Miami Herald*

About 10,000 homes were leveled, and 75,000 others damaged. Below, only the wooden racks in the garden center in Builders Square's Kendall, Fla., store withstood the storm.



Plywood prices, which were rising even before Andrew hit, shot up by $70 per 1,000 square feet after the storm.

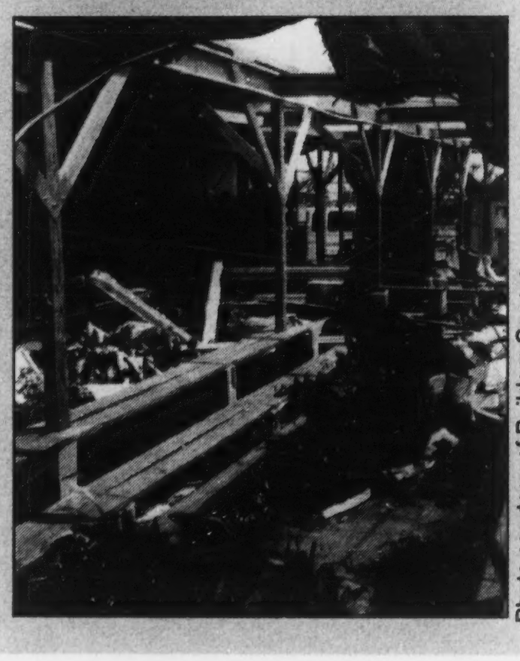


Photo courtesy of Builders Square

Shortages, price hikes could slow rebuilding effort

by John Caulfield

MIAMI — There is growing uncertainty among industry officials about how the massive rebuilding effort in the aftermath of Hurricane Andrew can be accomplished.

With building materials in tight supply and their prices rising, home builders and home improvement-related dealers and suppliers are worried they may have difficulty affordably meeting the demands of markets so devastated by the storm.

Andrew's wake also brings into focus issues ranging from the practicality of environmental restraints on timber harvesting to how much credit should be extended to builders and homeowners.

Some even wonder how viable south Florida will be after getting flattened.

As they search for answers, industry officials are also looking for ways to contribute to the immediate relief effort and the long-range rebuilding, which could turn out to be the largest construction project in U.S. history.

Contractors should benefit

Answers were hard to come by a week after Hurricane Andrew swept through the South because virtually no one could have predicted the overwhelming destructiveness of this storm, which destroyed an estimated

(Continued on page 54)

A WAY TO HELP

LONGWOOD, Fla. — A caravan of trailers loaded with donated lumber was scheduled to travel into south Florida on Sept. 17.

The Florida Lumber and Building Material Dealers Association organized the caravan. A second caravan may take place.

Contact Bill Carson, executive vp at the association, (407) 331-9444 for more details.

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Home Depot takes high-profile stance

Announces special pricing policy at press conference

by Ken Schept

TAMPA, Fla. — Home Depot opened a new store in Cutler Ridge on Thursday, Aug. 20. Three days later that store was closed indefinitely, after Hurricane Andrew blew in the front wall, wiped out the garden center and ripped off the roof.

Two of the chain's other south Florida stores were ed temporarily because of severe damage. And f Home Depot's roughly 400 area employees e left homeless.

ome Depot's reaction to these extraordinary circumstances illustrates how all of south Florida's major home improvement retailers attempted to supply needed merchandise, maintain fair prices, and care for their own stricken employees.

The Atlanta-based chain took a high-profile approach, announcing its special hurricane pricing policy at a news conference and issuing press releases almost daily about pricing and special services like repair advice and clinics.

In the week following Andrew, Depot's southern region president, Bruce Berg, helicoptered into the hardest-hit areas to assess the situation. Videotapes of his impressions were sent to executives at the com-

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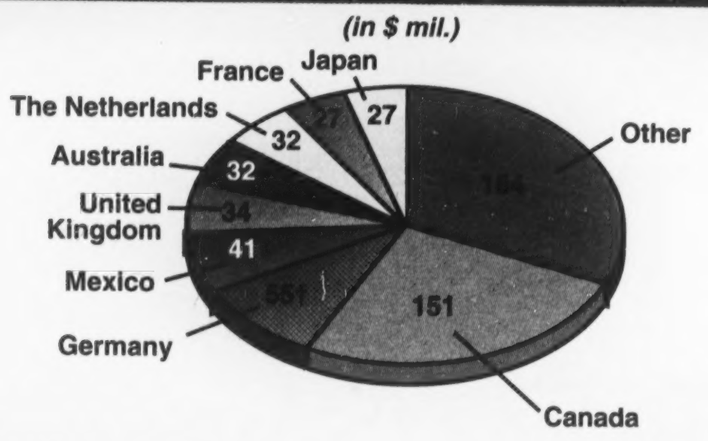
INDUSTRY STATS

U. S. Exports of Power Tools, 1991*



Source: U.S. Commerce Department

*Includes pneumatic and hydraulic tools, and chain saws."Other" wasn't identified.

†Estimate

NHCN chart

Last year, the U.S. exported a record $583 million worth of power-driven tools. And while that total still left a trade imbalance of $181 million, the amount of imports coming into this country appeared to have leveled.

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UPDATES

Menard's adds LBM mix to Chicago units

HAMMOND, Ind. — Menard Cashway is adding on to some of its Chicago-area stores, and will include lumber and building materials in its Hardware Plus format.

John Menard, president of the 69-store, Wisconsin-based chain, said the store here has acquired more space, as have other stores in Chicagoland.

An unspecified number of other Menard stores in this market will get approximately 20,000 square feet to accommodate lumber and building materials. Some of the stores will grow to 100,000 square feet, which is larger than the average 80,000-square-foot Menard's store.

"I'd like to have all full-sized stores," said Menard, "but sometimes that's not possible. We're always looking to expand our stores, remodel them and even relocate them as larger [areas] become available."

The Menard's Hardware Plus format, which is in about 10 stores, was the chain's answer to growing new-site construction expenses. Hardware Plus was developed last year using rented mall spaces formerly occupied by mass merchandisers. It debuted last year in northern Michigan and excluded commodities.

In other news, Menard's opened its first unit in Indianapolis in late August and also debuted in Marquette, Mich., and International Falls, Minn., last month.

Eljer edges out insurance firm in liability case

DALLAS — Eljer Industries, the plumbing and bath supplier here, won its appeal against its insurance company concerning liability coverage related to the use of one of Eljer's products.

A Court of Appeals here ruled that Liberty Mutual Insurance Co. was liable to cover any damages caused by the installation of faulty plumbing couplings and plastic pipe made by U.S. Brass, a wholly-owned subsidiary of Eljer.

Those polybutylene products were sold as a plumbing system under the Qest name.

Ken Pieper, a spokesman for Eljer, said Liberty Mutual had contended that it wasn't liable for claims filed after Liberty canceled its policy with U.S. Brass in 1988, even though the damages in those claims may have occurred when the policy was active.

Eljer said it would seek at least $16.5 million for claims it has paid out or are owed by insurers.

NEWS BRIEFS

Pergament appoints new president

MELVILLE, N.Y. — Donald Tattenbaum, a former merchandising executive with Grossman's Inc., has been named president of Pergament Home Centers.

Tattenbaum, who is in his mid-50s, will take over for Alan Kane, who resigned from the 34-unit Pergament last month.

He will report to the company's chairman and ceo Robert Tammero, who confirmed that Tattenbaum's responsibilities will primarily be in merchandising and marketing, with Tammero concentrating on operations.

From July 1982 through May 1990, Tattenbaum worked for Grossman's. When he left, Tattenbaum was senior vp and general merchandise manager. Before joining Grossman's, Tattenbaum was a senior vp and gmm with Herman's World of Sporting Goods, where he worked for a decade.

He also held executive positions with Willoughby's and Peerless, two camera retailers, and with R.H. Macy, where he started as a trainee and worked his way up to divisional merchandise manager.

Tattenbaum said that since leaving Grossman's, he was president of an intimate apparel company called Lingerie Factory with stores in New England and Chicago. It went out of business last winter, and he's been looking to get back into the industry since March.

He is taking over Pergament at a time when there has been considerable corporate management turnover.

AHMA elects Orrville pres. as chairman

CHICAGO — Ray Gill, the president of Orrville Leather in Orrville, Ohio, has recently been elected chairman of the American Hardware Manufacturers Association (AHMA) here.

Gill, who is first vice chairman of the AHMA, was elected at the association's annual meeting held here. He will assume his one-year post on Jan. 1, 1993, succeeding G. Ward Miller, vice president of sales and marketing for the Marshalltown Trowel Co., Marshalltown, Iowa.

Gill, 57, joined Orrville Leather as executive vice president in 1984. He's been president and ceo since 1987. Before arriving at Orrville Leather, he had been at the Allegheny International Hardware Group for two decades.

He started as national accounts manager at the Jackson Manufacturing Co. in 1964 and worked his way up through the ranks to become vice president of sales in 1975.

As chairman of AHMA, Gill will help shape the programs, services and activities of the 91-year-old trade group headquartered in Schaumburg, Ill., representing 1,000 members.

Hechinger posts strong showing in 2Q

LANDOVER, Md. — Hechinger, the 122-unit chain based here, continued its strong showing in 1992 by reporting double-digit sales and earnings gains for the second quarter.

In the three months ended Aug. 1, Hechinger's revenues rose by 20 percent to $549.7 million, with comp-store volume increasing by 10 percent. Net income for the quarter grew by 11.5 percent to $15.5 million, a gain that met securities analysts' expectations.

Through the first six months of its fiscal year, Hechinger showed that it could be on pace to hit $2 billion in sales in 1992. Its first-half revenues grew by 16.4 percent to $989.5 million, and comp-store volume jumped by 9 percent.

But Hechinger reported a $35.6 million net loss for the half, primarily attributable to a $57.3 million "strategic reserve" the company took in the first quarter to fund the chainwide rollout of its Home Project Center concept.

Five more Hechinger units will get this format by year's end. The company also plans to open an 85,000-square-foot Home Project Center in Fairfax, Va., and relocate a 60,000-square-foot unit in Columbia, Md., to an 85,000-square-foot store in mid-1993.

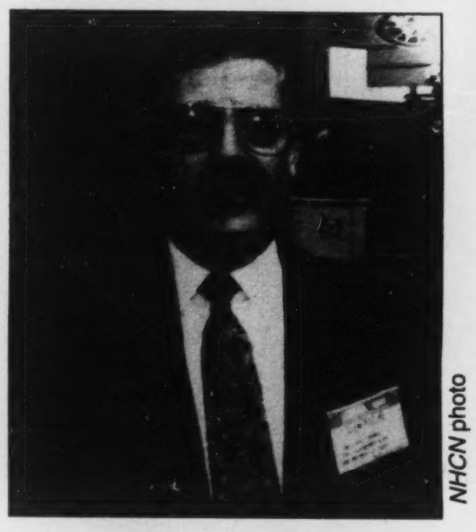
The company expressed satisfaction about the performance of its HomeQuarters Warehouse (HQ) division, which opened five stores in the quarter. HQ's earnings were reduced by $2.9 million to cover those opening expenses. It also used $800,000 to cover the closing of a smaller store in Tallahassee, Fla.

The company reported that it will open an HQ Warehouse unit in Albany, N.Y., early next year, and plans to have four to six HQs in Detroit by the end of 1993. Hechinger has announced previously that it will open HQs in Bangor, Maine, and Jackson, Miss., in 1993.

Mielke to retire at year's end

SAN ANTONIO — Glen R. Mielke will resign as Builders Square's chairman at the end of this year.

The news of Mielke's imminent departure was disclosed to company employees late last month, according to vp-merchandising Rick Meiser, who could provide no other details.



NHCN photo

Glen R. Mielke

The 57-year-old Mielke, who has worked for Builders Square's parent, K mart, for 34 years, was unavailable for comment.

His retirement announcement comes on the heels of the hiring by Builders Square of several new upper-level executives, including a new president, Frank Felicella, and new vps of merchandising and marketing.

Mielke became president of the warehouse home center chain on Jan. 1, 1989, and brought with him a number of K mart officials to take over the company's operations.

Over the next three years, Builders Square's merchandise and appearance were completely revamped, with more attention given to the the female shopper.

During Mielke's tenure, Builders Square also pursued an aggressive growth strategy. In 1992, the company was scheduled to open 24 new stores.

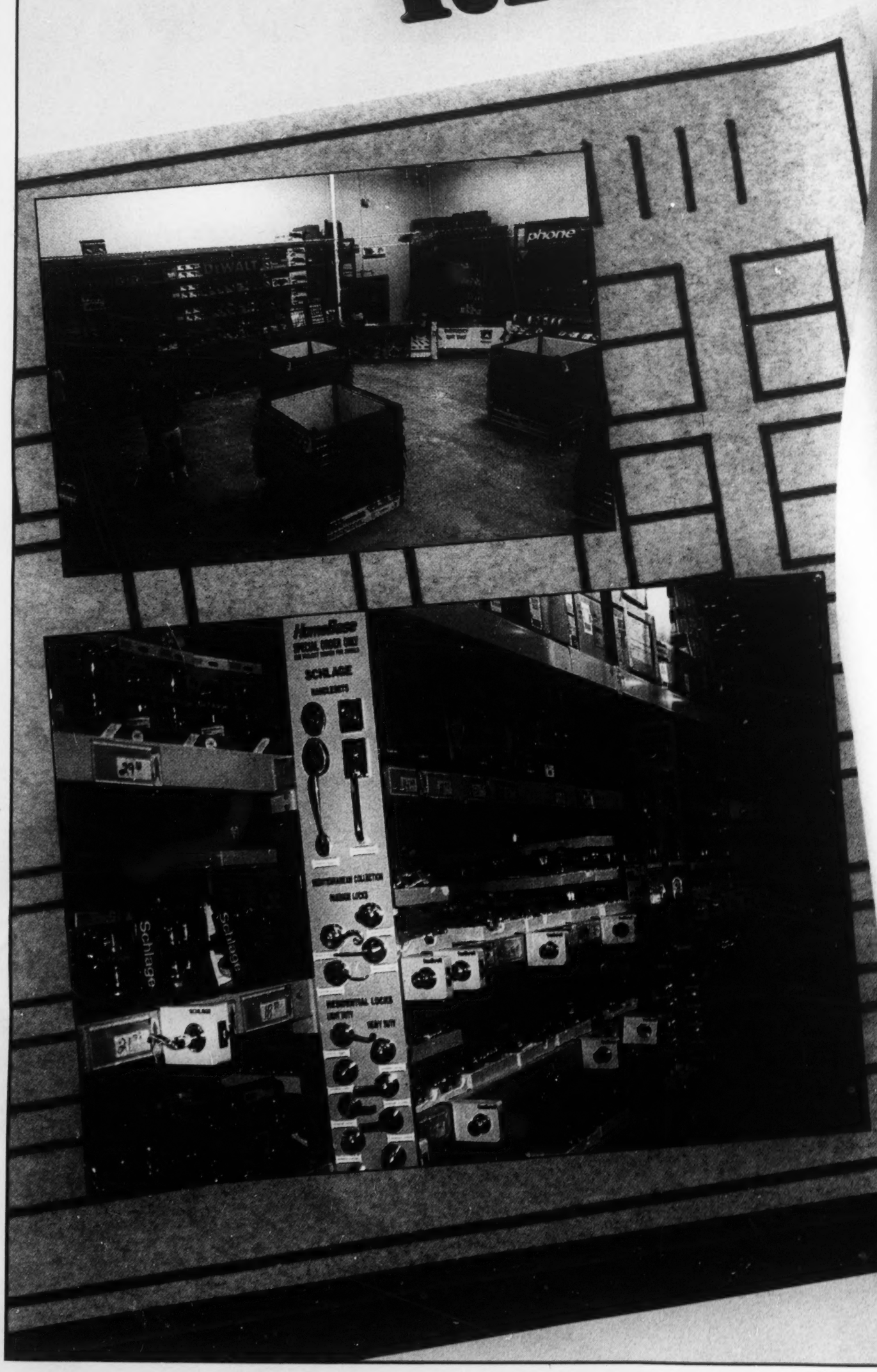
K mart has not identified Mielke's replacement.

National Home Center News.

The Journal of News & Trends for Home Improvement Retailers, Co-ops & Wholesalers. September 14, 1992

POWER DEPARTMENT REPORT

HARDWARE AND TOOLS



Imports, home building strike at hammers' sales, profits

by Roman Czajkowsky
Special to NHCN

NATIONAL REPORT — Squeezed by the prolonged slump in housing starts around the country, sales of hammers—long a key staple in the hand tools department—have been shrinking.

"If you're not building, you can't use them," said Jarred Cohen, senior product line marketing manager at Stanley Tools. Compounding the woes for domestic manufacturers like New Britain, Conn.-based Stanley has been the recent flood of sharply-priced and better-quality imports that are being snapped up by price-conscious DIYers.

At Cotter & Co., the hardlines co-op, imports now account for 30 percent of total hammer sales to its True Value dealers. Consumers are drawn by prices that range from about $4.99 to $9.99 retail—as much as 50 percent less expensive than comparable domestic product, according to Ronald T. May, merchandise manager for Cotter's hand tools department.

"Imports are coming into their own right now because of the poor economy," said May. "Prices are very sharp, the quality is getting better and they've been made to be aesthetically appealing. That's what attracts people: price and cosmetics. If it looks like junk, even if it's for free, nobody's going to pick it up."

The improved looks of imports were much in evidence at last month's Hardware Show, retailers attending the trade convention reported. "I remember walking down the aisles and saying, 'Golly, a lot of [imports] sure look just like Vaughn or Estwing," said Scott Robins, retail buyer at Anderson Lumber Co., a 22-

(Continued on next page)

Upcoming Report: Home Furnishings

Innovative products buoy tool sales

(Continued from page 17)
unit chain based in Ogden, Utah, referring to two major domestic manufacturers.

One result of consumers' thrifty spending habits is that for a number of retailers, the middle price tier—traditionally comprising products aimed at step-up DIYers—has "pretty much disappeared right now," according to May of Cotter. What's left is the low end for DIYers and the high end for the professional market.

Of course, category performance varies depending on regional economies. For example, brisk commercial and residential construction has helped push up hammer sales approximately 20 percent over last year at Anderson Lumber. An Oregon-based wholesaler, Cascade Wholesale Hardware, also reported brisk hammer sales. "We're unique because we're still doing very well in this localized economy," said Joy Dietrich, a buyer for the wholesaler.

Pushing fiberglass handles

The soft housing market isn't the only thing affecting hammer sales, which by one estimate are in the $100 million range. There's also the growing popularity of pneumatic nailers and the increased use of so-called super glues instead of nails, according to some suppliers.

Some domestic vendors are fighting back with innovative new products they hope will strike the fancy of serious do-it-yourselfers and professionals and put some movement back into the market.

Stanley's newest product, for example, targets the popular fiberglass segment. Instead of the traditional compression-molded handle, which can splinter dangerously with repeated striking, the new hammer features a solid iberglass rod jacketed with a polycarbonate alloy.

Stanley has replaced the compression-molded handle with a solid fiberglass rod jacketed with a polycarbonate alloy on its newest hammer.

Stanley hopes the new product, which is available in several weights and sizes, will eventually account for a "significant" portion of its fiberglass business.

Another major supplier, Rockport, Ill.-based Estwing, has come out with a similar hammer that should be the vendor's "biggest [new] project for the next couple of years," according to Sandra Forberg, customer service supervisor.

Some retailers and distributors agree. Cotter's May predicts the new hammers will be "a hot item" with target shoppers. "It's new, it's going to be highly advertised, and it does what it says it does," he maintained. Plus, it's made out of fiberglass, a material, according to Robins of Anderson Lumber, that is "still kind of an 'in' thing, not just in hammers but also in long-handled tools in general."

With retail prices ranging from about $20 to $30, the new hammers could be a key item in what has traditionally been a good profit category for retailers.

Typical margins on hammers are in the 35-percent to 45-percent range, and are even higher on sharply-priced imports. At Anderson's stores, for example, hammers are "number one in hand tools in terms of total sales as well as being an image builder," acording to Robins.

Changing buying habits

One challenge for retailers will be persuading contractors and other professionals to try a new product. Hammers are considered a highly traditional business—professionals especially tend to stick with a particular type of product for literally decades simply out of habit.

In fact, suppliers such as Stanley hope that it will be the younger carpenters—people who are not so set in their ways with a hammer—who are most likely to opt for composites such as the new fiberglass jacketed version.

Personal preferences are the major reason why retailers bent on maximizing category sales are forced to carry a large selection of hammers. Cotter offers its dealer-members over 100 hammer skus; a retailer like Anderson Lumber, whose customer base is 70 percent contractors, offers about 45 skus in a good, better, best selection to encourage step-up sales.

Many retailers also have to cater to such regional preferences by carrying items like the "California Special," a long-handled framing hammer made by Hart Tools that's highly popular on the West Coast.

The housing slump might be bad news for the hammer business, but there are bright spots.

One is the continuing trend toward home-improvement projects such as decks. Hence, one strong-selling item at True Value stores has been the decking hammer, a 22-ounce product with a smooth face that won't mar wood when struck.

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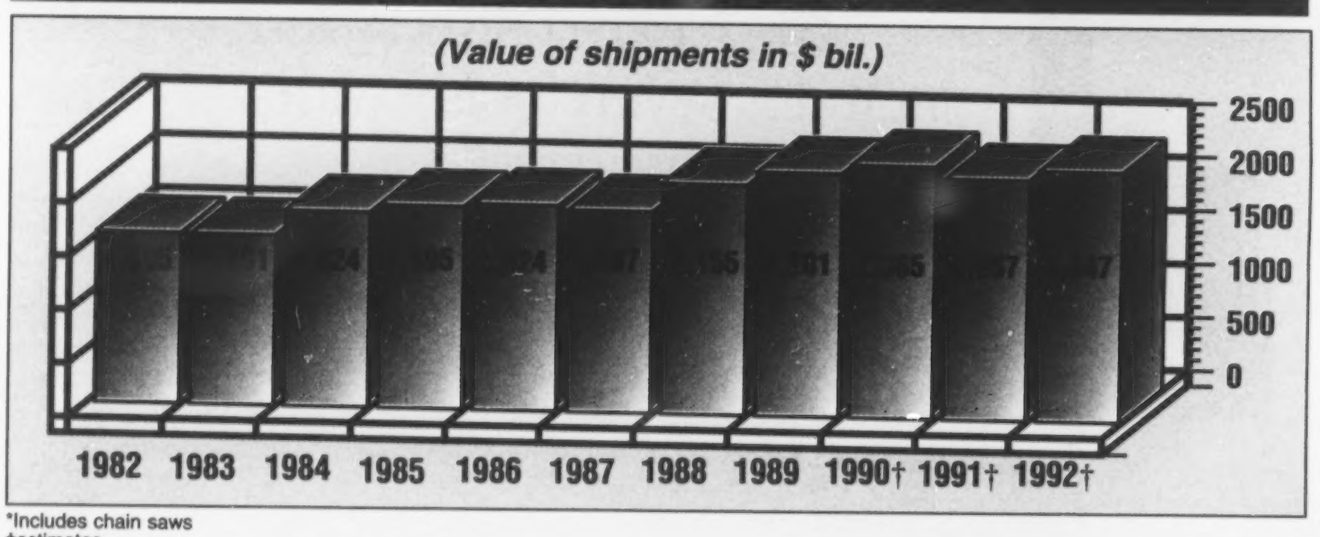
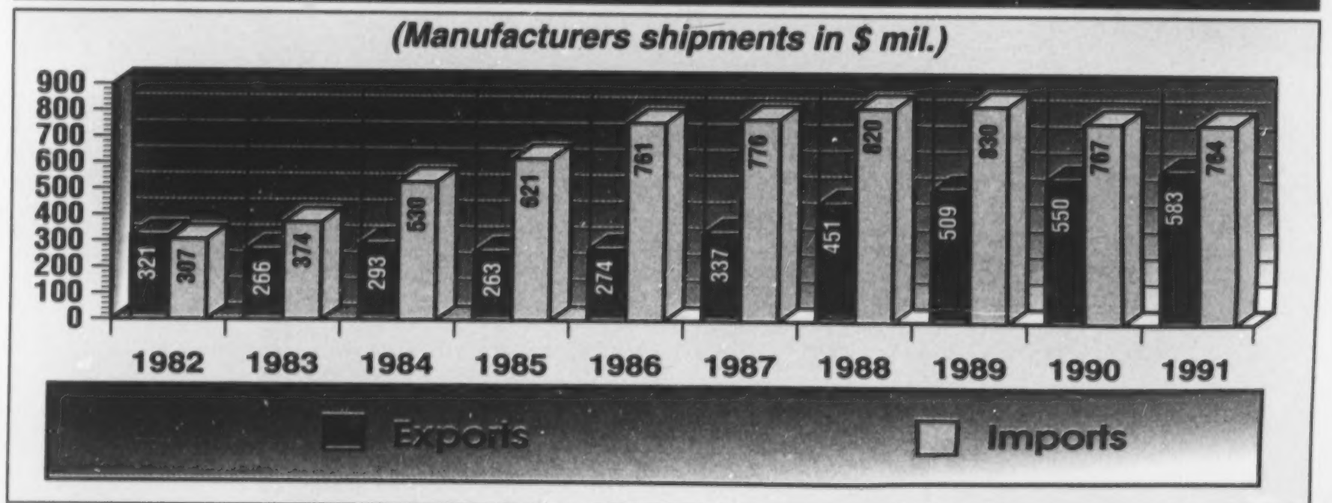
Shipments of Power Tools



*Includes chain saws
†estimates
Sources: *A Competitive Assessment of the U.S. Power Tool Industry*, Table 1; U.S. Department of Commerce, May 1992

The shipments of power tools, in dollars, have grown at an average annual rate of only 1.6 percent since 1985, though they are projected to expand by 4 percent in 1992.

U.S. Balance of Trade in Power Tools



*Includes chain saws, as well as non-electric power tools.

Sources: *A Competitive Assessment of the U.S. Power Tool Industry*, Table 8; U.S. Department of Commerce, May 1992

Despite a steady penetration of foreign-made power tools into the U.S. (with the Japanese garnering a 40 percent share of what came into this country last year), domestic suppliers appear to have stemmed that tide in recent years. In fact, 1991 was a record year for exports of power tools.

NHCN charts

Rebuilding could be slowed by shortages

(Continued from page 1)

10,000 homes and apartments and damaged another 75,000, and whose rebuilding price tag is now $20 billion and climbing.

"What we're talking about here is almost Hiroshima without the radiation," said William Young, director of consumer affairs for the National Association of Home Builders (NAHB). "There has never been anything like this on this scale."

By comparison, Young noted that Hurricane Hugo in 1989 damaged or destroyed 2,500 homes, and it took some people a year before they had permanent housing.

The current disaster "will put thousands of unemployed construction workers back into the work force, at least on a temporary basis," said Richard Morgan, a spokesman for the Florida Home Builders Association in Tallahassee. He estimates that between 60,000 and 70,000 people will be needed in the rebuilding effort, which will take years.

How many of that legion, including out-of-work home builders, might come from out of state will depend on how leniently Florida or Louisiana accepts builders' licenses from areas whose requirements are different from its own.

Product supply in doubt

Manpower is one thing; having enough affordable materials to do the rebuilding job is something else. And during the first days after the hurricane hit, Floridians complained loudly about price gouging on products like plywood and generators, and about shortages.

The immediate effect of both of these problems could be heard in the voice of Rick Meiser, senior vp-marketing for Builders Square, who said that the main thrust of his company's relief efforts focused on "not allow[ing] our customers to be exploited."

A week after the storm hit, price gouging had subsided noticeably. Several dealers—including Builders Square, Home Depot and Scotty's—exercised restraint by increasing prices only to cover their purchasing costs. Louisiana-Pacific said it was holding down prices on high-demand structural panels to "pre-storm" levels. Owens-Corning (O-C) and Celotex did the same thing on roofing.

Another deterrent may have been subpoenas served by the Florida Attorney General's office on a number of building materials distributors and dealers, which demanded that they provide the state with records on what they were charging customers before and after the storm.

But the consensus among suppliers is that Hurricane Andrew's arrival was the final straw for an industry whose product supply pipeline was dry, and whose prices on certain commodities were rising, storm or no storm.

"Lumber dealers in the South are paying 40 to 60 percent more for plywood than they did just a week ago," stated Gary Donnelly, executive vp of the National Lumber and Building Material Dealers Association (NLBMDA), in remarks made on Aug. 28.

"This storm could not have come at a worse time as far as the availability of plywood is concerned," said A.D. "Pete" Correll, president of Georgia-Pacific (G-P), in a prepared statement. G-P sent ahout 800 trucks of plywood and lumber to Florida a week after the storm.

The American Plywood Association (APA) stated that industry orders in the first half of 1992 were 8.5 percent higher than the same period a year ago, and 24 percent higher in the six-week period before Andrew swirled.

Brian MacKenzie, president of BMA, the commodities broker based in Greenville, S.C., reported that prior to the storm, plywood prices were rising $5 to $10 per 1,000 board feet per week, and dimensional lumber was going up $2 to $3 per week.

Heavy rains and hail in Texas put a serious crimp in roofing supplies, according to Brad Oelman, vp-corporate affairs for O-C. "There is not enough roofing available to deal with this disaster in the short term," said Dixon Walker, general manager for Manville Roofing Systems, which added a production shift to its roofing plant in the southeast.

Environmental Catch-22

MacKenzie and others implied that price hikes were attributable to seasonal demand from Europe and curtailment of timber harvesting in the Pacific Northwest, which NLBMDA's Donnelly said has caused 70 mills to close, and Correll of G-P insisted has cut in half the timber industry's production capacity.

The hurricane re-ignited the volatile debate over harvesting restrictions and their long-range impact on home building and remodeling. Already, industry officials are beating the drum to get the federal government to relax its restrictions or face a shortage situation no price increases will fix.

"Unless balance is restored to timber harvest policies in this country, what we are now facing could be just a taste of the future—wood product shortages generating higher prices," said William Robison, APA's president, in a prepared statement.

Relief efforts fragmented

The outcome of this environmental tug of war won't be evident for months. Until then, dealers and suppliers will have to concentrate on providing relief for their employees and customers still suffering from the storm.

"Our first responsibility is to see that nothing unusual goes on regarding taking advantage of people's misfortune," said Peter Browning, president of National Gypsum. "Second, we need to make sure that material is available. Third, we need to see what other needs there are. Not everyone needs wallboard." Browning recalled that his company's contributions to victims of Hurricane Hugo were mostly financial.

Any aid, though, remains uncoordinated, as there has yet to be a plan formulated by any company or association that could be pursued by the industry as a whole.

MacKenzie of BMA believes the industry needs to come up with a strategy to increase production in certain product categories, and "divert products from areas that don't need the products as much as Florida and Louisiana do now."

But before some suppliers make that commitment, they must feel confident that southern Florida can be restored to its pre-storm condition. Not everyone is so sure that's going to happen.

Young of the NAHB fears that the area could be "stigmatized" as a "place that was blown off the map," which could deter business investment and people from moving into the area.

However, Meiser of Builders Square, which operates eight stores in southern Florida, sees a brighter future. "My experience is that when something like this hits, people rebuild," he said. "The community rebuilds and gets better."

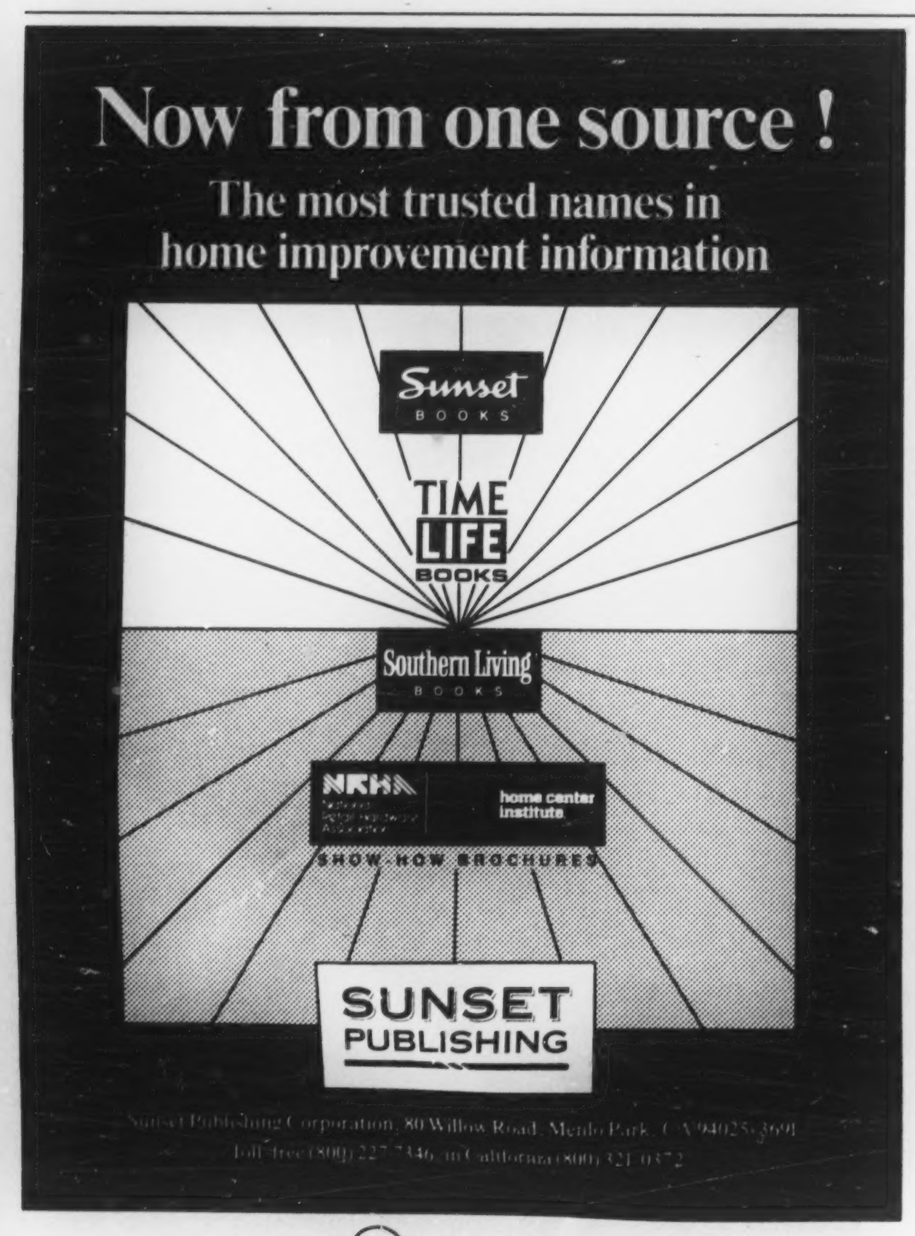
Unexplained fire strikes L.A. Terry Lumber unit

LOS ANGELES — The fire department here is still investigating the cause of a fire that destroyed two buildings at Terry Lumber Co.'s unit on North San Fernando Road.

The fire department was alerted to the blaze by a phone call at 3:52 a.m. on Aug. 29. About 125 firefighters were dispatched to the scene to battle the fire, which took 90 minutes to extinguish.

Damage to the store contents is estimated at $1 million and structural damage is estimated at $500,000, said Bob Collis, public service officer for the LAFD.

For now, Terry will sell lumber out of a 4,500-square-foot administration building.



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(Above) Mike McClelland (left), executive vp of HWI, and Don Wolf, the co-op's president. McClelland will take over as president when Wolf officially steps down on Oct. 14. (Top right) Much of HWI's growth will hinge on the expansion of its Do-it Center concept. Photos courtesy of HWI

Seven months ago, Builders Square opened a 90,000-square-foot warehouse store in Canton,Mich. It was so close to Mans Do-it Center's 10-year-old,15,000-square-foot unit that the stores shared a parking lot.

Instead of panicking, Mans, which operates three other stores in metropolitan Detroit, turned to its buying group, Hardware Wholesalers Inc. (HWI), for help. The two companies devised a strategy that allowed Mans to pursue contractor sales more aggressively.

"Our store traffic is down, there's no disputing that," said Nick Mans, president of the Trenton, Mich.-based retailer that bears his name. "But we have been able to increase our business in that store," which, as part of its strategy, purchased a boom truck to deliver drywall to job sites. Last year, Mans did between $25 million and $30 million in sales, two-thirds of which came from transactions with pros.

Around the same time, George Clark, HWI's national sales manager, told 80 prospective dealers attending a luncheon at the co-op's Spring Market in Indianapolis how HWI's slavish pursuit of the bottom line would benefit them. "Every percentage point of overhead costs $10 million in rebate money."

(Continued on page 15)

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Seattle battle looming

Eagle, Home Depot vie for share of former Pay 'N Pak turf

by Robyn Taylor

SEATTLE — The Puget Sound area is about to explode with warehouse competition.

And "survival of the fittest" may determine who grabs the $100 million once generated by the area's 21 defunct Pay 'N Pak stores.

Rapidly expanding Tukwila-based Eagle Hardware & Garden, and Home Depot, which will open its first store here in Tacoma next January, will certainly change the balance of power in the market, which now is home to major warehouse competitors HomeBase and Builders Square, and area favorite Ernst Home & Nursery, not to mention several independents.

Home Depot plans to have 10 to 12 stores in the Seattle area by 1996, said Jerry Shields, a company spokesman. David Heerensperger, Eagle's chairman, was unavailable to comment on the company's aggressive plans. But, local news reports have Eagle confirming its plans to have 10 to 12 stores in this market.

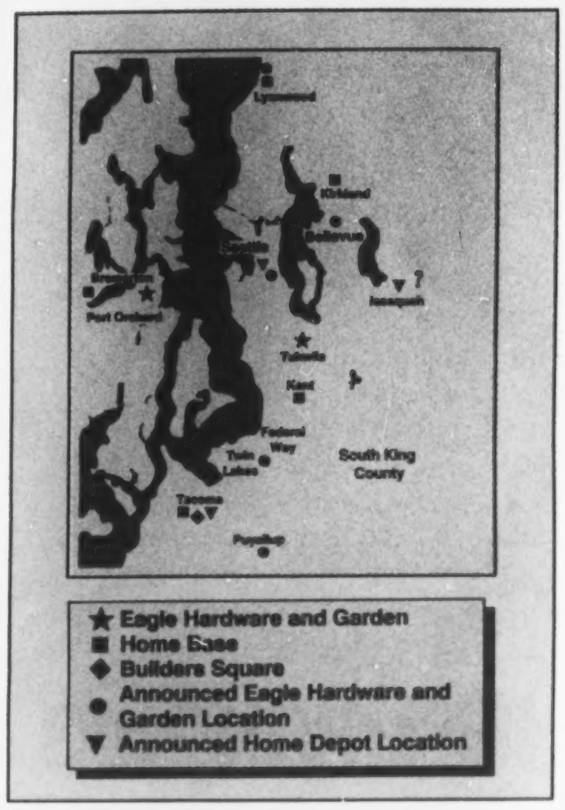
Eagle has already firmly established itself here with four stores. The company, which opened its first store in November 1990 in Spokane, Wash., has stores in Tukwila, Bremerton, the Rainier Valley and in Federal Way. The Rainier Valley and Federal Way stores both opened this summer.

In addition, Eagle is planning to open a 133,760-square-foot store in Bellevue early next year; in 1993 it will open a unit in Puyallup. Further down the line, probably in 1994, Eagle plans to open stores in Lynnwood and Everett, reported *The Puget Sound Business Journal*.

Eagle, which has another store in Yakima, Wash., does not plan to stick solely to Washington state. An Anchorage, Alaska, unit is scheduled to open Oct. 31 and ambitious plans call for a store in Honolulu later next year, as well as a unit in Kennewick, Wash., near the Washington-Oregon border.

A recent retailing report by Mont-

(Continued on page 52)



Home Depot and Eagle each are expected to have 10 to 12 stores in the Seattle area in the next few years.

Credit reporting service seeks better data on co-ops

by Gary S. Ruderman

NEW YORK — One leading credit reporting service may be looking more closely at the performance of dealer-owned buying groups, after the failure of one such co-op this summer prompted queries by vendors about the information that was available.

A spokesman for Dun & Bradstreet (D&B) Information Services, which is the world's largest service evaluating the creditworthiness of companies, said that one of its customers had asked D&B to investigate 10 to 15 cooperatives and supply him, if possible, with information on recourse agreements (i.e., the co-op's liability to retrieve monies from its members to pay off a dealer's debt with a vendor) and financial guarantees between members and the cooperatives.

Dun & Bradstreet was expected to institute new criteria after the recent failure of the CBS co-op prompted complaints by vendors.

The spokesman insisted that this investigation does not signal a change in the way D&B rates these companies.

But another source knowledgeable of the

(Continued on page 54)

Dealers' post-storm recovery a struggle

Many still have a hard time thinking beyond the present

by Elizabeth Brent

DADE COUNTY, Fla. —An employee armed with plastic sheets rushed to cover stacks of lumber, as rain from the afternoon's torrential downpour splashed inside the tent. Another worker raised a broom to the tent roof to allow rain to run off and prevent a cave-in. The cashier, unconcerned, continued checking out the line of customers buying roofing felt, garbage cans, extension cords and nails.

NHCN Photo

Tony Vivaldi, regional manager at Home Depot, conducts business on a cellular phone in front of the remnants of the chain's Cutler Ridge, Fla., store.

The tent, erected in the parking lot of Home Depot's Kendall Ridge store, had been the only way the retailer could provide the local community with basic building materials. Hurricane Andrew had lifted off the store's front roof, damaging registers, service desks and merchandise.

The roof was replaced, but water still seeped down the front walls inside the store, as employees stocked shelves and mounted displays so the unit could reopen for business the next day, Sept. 12. It did.

"It's very emotional, very stressful, everybody is working real hard to put the store together," said Tony Vivaldi, regional manager of Home Depot's seven Miami-area stores.

This is but one example of how

(Continued on page 52)

For a step-by-step account of Builders Square's convoy to provide building materials to victims of Hurricane Andrew, see page 7. For details on Hawaii's Hurricane Iniki, see page 4.

Home Depot joins quest for gold as co-sponsor of '96 Summer Olympics p. 4

D&B re-evaluates info. disclosure on co-ops

(Continued from page 3)
service's plans stated that D&B was expected to institute new criteria the week of Sept. 20 because of the failure of one such group, Central Builders Supply (CBS), the commodities broker based in Sturgis, Mich.

A spokesman for Cotter & Co., the nation's largest dealer-owned buying group, confirmed that Cotter was aware that D&B was reconsidering how it evaluates co-ops, but did not think a change would affect Cotter in any way.

Information less than great

Suppliers stung by CBS' failure are said to have complained to D&B that its information concerning the co-op's membership and capitalization was, at best, lax.

CBS still owes vendors $20 million, and a judge is likely to determine its dealers' liability for that debt.

The vendors complained to D&B, as well as the Chicago-based Lumbermen's Credit Association, which puts out the Lumbermen's Redbook, that co-ops were "overstating" membership by listing the number of stores operated by dealer-members instead of the dealer count itself.

These new criteria are expected to give more weight in their evaluation to a co-op's ratio of total liability to tangible net worth, known as capitalization. Customers want D&B to request information on how quarterly or monthly dividends paid to members by the co-op, as well as bank covenants and other security agreements, affect cash flow.

While most of the vendors' concerns focused on the so-called second tier of cooperatives, with sales to dealers in the $500 million to $600 million range, they also need better reconnaissance on the strengths of dealer-members affiliated with the nation's top four buying groups: Cotter & Co., Ace Hardware Corp., ServiStar Corp. and Hardware Wholesalers Inc.

One knowledgeable source, who asked not to be identified, said co-ops naturally carry a lot of debt in the form of accounts payable to vendors and accounts receivables from dealers, and retain little in cash reserves. Most buying groups, he explained, fund themselves with the portions of dealers' rebates held by the co-op in the form of stock.

The concern among suppliers who prompted D&B's efforts is that co-ops have been allowed to carry a higher debt load than traditional wholesalers at a time when a major segment of their business—hardware retailing—isn't growing.

Vendors who were angry also singled out Lumbermen's Merchandising Corp., which they allege was still re-determining CBS' rating when dealers, suppliers and media were already well aware of the problems forcing the buying group's demise.

William Clancy, president of Lumbermen's, did not return *NHCN*'s phone calls seeking comment.

New Calif. fire safety bill standardizes roofing

(Continued from page 4)
developed the pressure-impregnated, permanently fire-retardant cedar shakes and shingles that meet all state and local fire safety codes," said Michael Westfall, president of the Cedar Shake and Shingle Bureau.

The new bill, which takes effect Jan. 1, 1995, provides a minimum standard of class C roofing. Roofing can also be classified at a higher safety level of B or A.

There are about 1,500 local jurisdictions in California and 250 of them have their own fire ordinances. Cities and counties do have the option of keeping or setting higher standards than the state C minimum, but they must first justify the more stringent regulations to state officials, Favro said.

Pressure-treated cedar shakes and shingles meet the class C requirements and must pass nine rigorous Underwriters Laboratories (UL) tests. To ensure permanent fire protection the roofing is retested at one-, two-,three-, five- and 10-year intervals, according to the bureau.

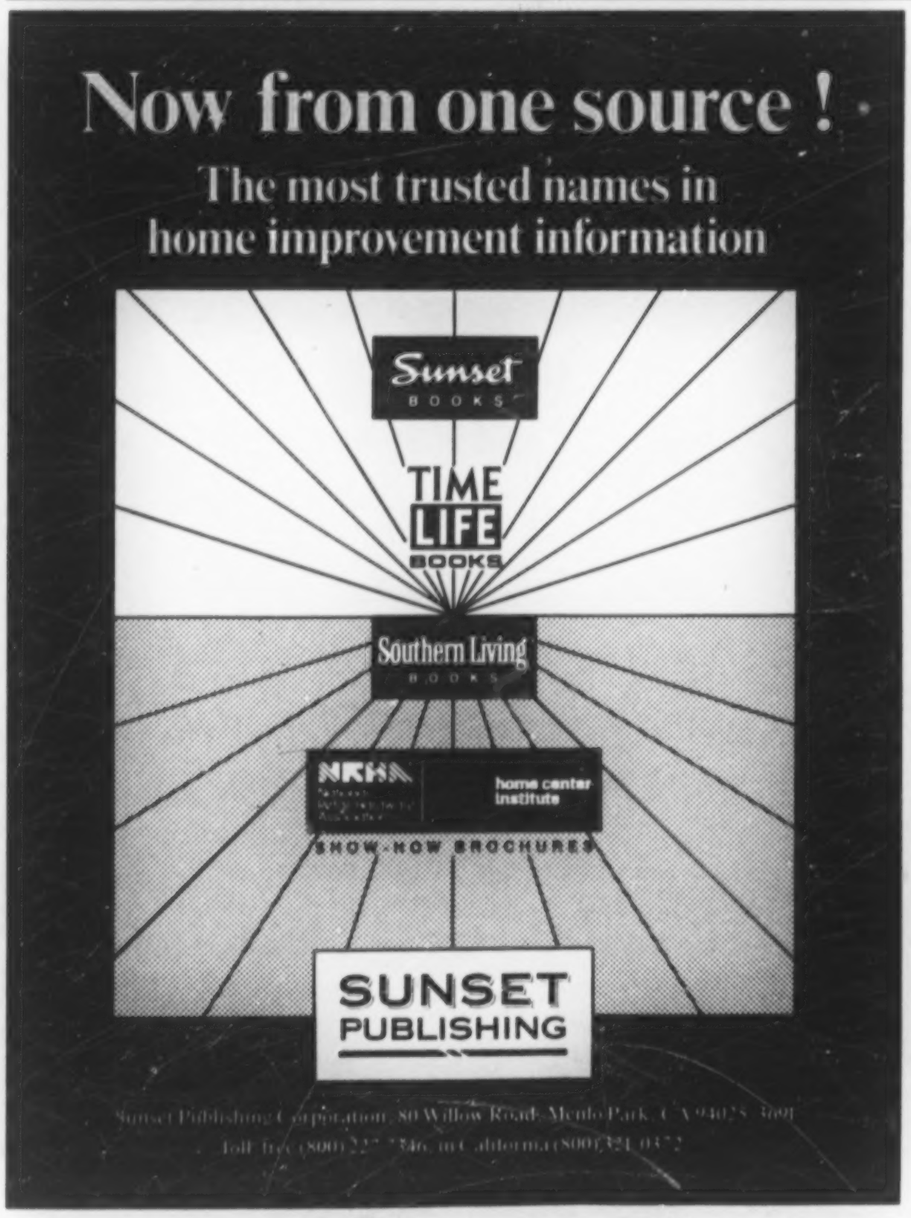
The shakes and shingles that meet these standards are identified by the Certi-Guard label and are the only wood materials currently permitted on new roofs in many communities throughout California. The label serves as proof to the consumer that the shakes and shingles meet all local, state and national standards for fire retardancy.

Corrections

An article in the Aug. 10 issue on Carmen Fraser of Terry Cos. incorrectly stated she was a native of Los Angeles. Fraser was born in Illinois. The same article misidentified the owner of Independent Building Materials. He is John Goodman.

Also in that issue, a caption identifying the executives of BMC West in Boise, Idaho, was inverted. And a jump headline misidentified the tenure of Jim McKitrick as president of Builders Emporium. He was there for three years.

A chart in the Sept. 14 issue showing the value of power tool shipments over the past decade incorrectly stated those figures in billions, instead millions, of dollars.



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Lumber suppliers shouldn't throw stones at steel houses

Many see steel as an affordable alternative to wood

by Robyn Taylor

NATIONAL REPORT — At first glance, the gleaming steel structure in the middle of a Southern California residential neighborhood closely resembles another piece of modern art.

But this is no sculpture. In the middle of the Corta Bella development in Murrieta, these pieces of metal, fit together like a giant erector set, represent the first of Coleman Homes' many steel-framed houses.

After years of using nature's own timber to construct homes, several builders, fed up with rising lumber prices, have turned to metal manufacturers for a wood substitute.

"Every time we turned around, wood prices were going up. Finally, we took the opportunity to look at steel," said Larry Smith, vice president of Coleman Homes.

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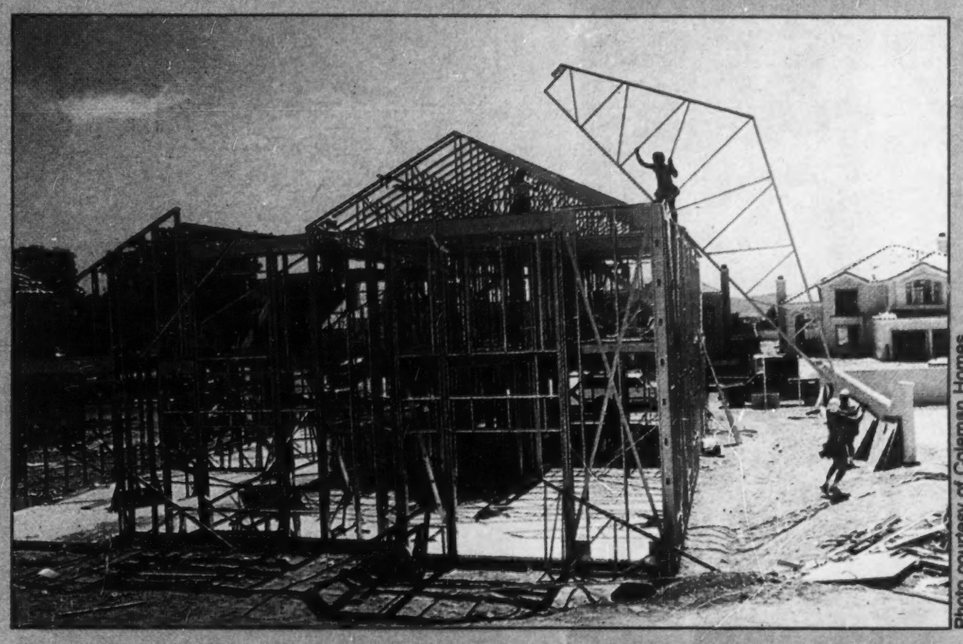


Photo courtesy of Coleman Homes

Rising lumber prices prompted Coleman Homes to turn to steel as a substitute for wood in the construction of its steel-framed homes.

Home Depot adding 2nd Expo in Atlanta

Aggressive growth continues

by Elizabeth Brent

ATLANTA — Home Depot continues its aggressive development of new store ideas and concepts that help it target a wider customer base.

The chain will open its second Expo unit in Atlanta and roll out 28,000-square-foot nurseries to all new units where real estate permits, according to Home Depot's senior vice president and chief financial officer, Ron Brill.

The new Expo will serve as a "laboratory" for the company's Southeast division, but its size and opening date have yet to be disclosed. By locating the unit in Atlanta, close to the corporate offices, the Expo will be within easy access of the chain's merchandising staff to fine-tune the concept.

The original Expo, a 120,000-square-foot home decor specialty store, was developed by Home Depot's Western division. It opened in September 1991 in San Diego and contains upscale displays of kitchens and bathrooms in a showroom atmosphere staffed with professional designers.

Depot insists that Expo is a laboratory store and not the start of a specialty store chain. The store does allow merchandisers a chance to play with home decorating ideas in a less-restrictive warehouse format.

But some new ideas have already trickled down to the chain's other warehouse stores, which have developed a far stronger home decor niche since the first Expo opened. The newer prototypes display more upscale merchandise and are staffed with interior designers.

Installed sales expanded

In keeping with this push towards the more affluent customer and the buy-it-yourselfer, Depot continues to expand its installed sales

(Continued on page 31)

Arkansas dealer seeks merger to expand

by Gary S. Ruderman

SPRINGFIELD, Ark. — "Very preliminary" merger talks continue between privately held National Home Centers and a publicly traded but little-known retail competitor.

Dwain Newman, president of the six-store National here, said "a lot of hard work and due diligence" was still to be done before his company could merge with Builders Warehouse Association Inc. (BWA). But even if the merger doesn't go through, National plans to double its retail space in the next year, according to Newman.

Newman said he was approached this summer by principals of BWA, a five-store dealer based in Conway, Ark. BWA, founded in August 1990, sells mostly to builders; National serves both DIY and builder customers.

BWA went public in September 1991 and is traded on the over-the-

(Continued on page 32)

Lack of enthusiasm pervades election

Some home center execs pick Bush as 'the lesser of two evils'

by John Caulfield

NATIONAL REPORT — Home improvement executives can't muster much enthusiasm about the prospects of the country being led over the next four years by either President George Bush or Arkansas Governor Bill Clinton.

The consensus among those contacted was that neither candidate has a compelling plan for stimulating the economy or exercising fiscal restraint.

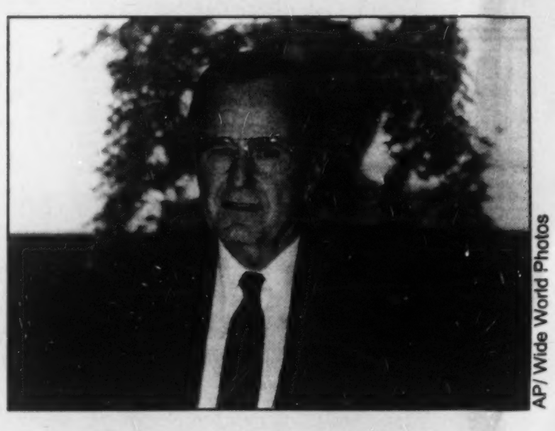
Arkansas Governor Bill Clinton

"We are in a hell of a pickle, and whoever gets in there will have to be much more responsive to the deficit and the budget because the size of the federal debt is crowding out private businesses" from borrowing, said Craig Sutherland, a managing partner with Sutherland Lumber.

"No one is willing to take a controversial stand, so there's no real choice," said Dan Cotter, president of Cotter & Co., the dealer-owned co-op.

Lowering taxes, cutting expenditures, reducing regulations, boosting consumer confidence and creating jobs are the main issues these officials believe the next chief executive needs to address. While the overwhelming majority preferred Bush, most spoke about "the lesser of two evils" when they made that choice.

In fact, many of the comments had the same tone of resignation voiced by Grossman's president Bruce Weitz, who lamented, half facetiously, that "the only way these issues are going to be solved, it seems, is luck."



AP/ Wide World Photos

President George Bush

It's too early to tell whether this disenchantment leaves the door open for Ross Perot, whose media- and ego-driven re-entry into the race on Oct. 1 has again reshuffled the political deck, though to what extent remains to be seen.

Sluggish growth a concern

Most of those contacted concede the

(Continued on page 12)

UPDATES

Newell's acquisition of Stanley halted

NEW BRITAIN, Conn.–The war of words and legal briefs between Stanley Works and Newell Cos. ended on Oct. 2, when the two hardlines suppliers reached an agreement that effectively halted Newell's acquisition of a controlling interest in Stanley.

A prepared statement issued by Stanley here said that Newell agreed to sell within one year its holdings in Stanley, which currently equal less than 1 percent of its total common shares. Newell will also resist in its attempts to gain control of Stanley for 10 years.

The pact was joined by the attorney general of Connecticut, who agreed to terminate the state's antitrust suit against Newell to prevent it from taking over Stanley, which is based in Connecticut.

Newell also agreed to pay $75,000 to cover costs related to this litigation, which was filed on July 1 in consolidation with a suit filed by Stanley.

Attorney general Richard Blumenthal said the agreement was "a tremendous victory for consumers and all businesses in the state."

Leeds files plan to exit Chapter 11

ATLANTA — A disclosure hearing in U.S. Bankruptcy Court here is scheduled on Oct. 19 for presentation and discussion of a reorganization plan for Leeds Building Products, the contractor-oriented chain that went into Chapter 11 last Nov. 22.

Jack Stone, Leeds' chief executive officer, said he was restrained by the court from discussing, in detail, the plan before it is mailed to creditors after the hearing.

In general, though, he revealed that the company will "center" on its remaining 11 stores in Georgia, Florida and South Carolina, which are projected by Stone to generate between $70 million and $75 million in sales in 1993.

(In August, the company sold five stores in North and South Carolina to Pelican Building Centers, bringing that chain's total to 16.)

George Poulos will continue to serve as the company's president and chief operating officer.Stone will remain as ceo.

To reduce its debt, which was around $50 million when Leeds went into bankruptcy, the company proposes a settlement with its unsecured creditors. Its lead secured creditor—CIT Business Credit—will continue to be the chain's banker after the reorganization plan is okayed. Stone confirmed that the plan calls for some of the debt to be "forgiven."

The ownership of the company, Stone said, will be redistributed, in the form of common and preferred shares of stock, to creditors. The plan also calls for the private investment group, which purchased 32 stores from Wickes Lumber in 1990 to form Leeds, to be "crammed out," in the parlance of bankruptcy law, meaning they will lose their position of ownership in the company.

Stone said he expects a confirmation of Leeds' plan by the end of November. However, the plan is likely to run into some opposition among vendors, several of whom said they were unhappy about the settlement and weren't sure how to assess the value of the stock to be distributed

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NEWS BRIEFS

Grossman president resigns

BRAINTREE, Mass.–In a completely unexpected move, Bruce Weitz resigned as president of Grossman's Inc. on Friday, Oct. 2.

Weitz, 44, will become president, chairman and ceo of Duane Reade Holding Corp., which operates a chain of 37 drug, health and beauty aid retail stores in the New York metropolitan area.

No explanation was given for the departure of Weitz, a Long Island, N.Y., native, who joined Grossman's in March of 1989 from the First National Supermarket chain, where he was eastern divisional president.

At Grossman's, Weitz's main accomplishment was shaking up a company that had been wracked by a disruptive bankruptcy and–in the opinion of some observers–hampered by lethargic management at a time when serious competition, in the forms of Home Quarters Warehouse and Home Depot, was planning to enter its markets in New England.

Through divestiture and store closings, Weitz trimmed Grossman's size to its current 140 stores from the 246 it operated when he joined the company.

Duane Reade presents Weitz with another turnaround and growth opportunity. It was recently purchased by Bain Capital, a Boston-based equity management firm. Weitz's appointment was identified in a prepared statement from Bain as part of Duane Reade's "growth plans."

Weitz was unavailable for comment at presstime. Grossman's stated that Thomas Schwarz, the company's chairman, will assume the responsibilities of president on an interim basis until a replacement can be found.

Syd Katz, Grossman's chief financial officer, would not say whether the company would be searching for Weitz's replacement internally or outside.

Channel to hire 'green thumb' for plant dept.

WHIPPANY, N.J. — Channel sees expanding its line of horticulture products as a way to grow.

Describing the 53-store chain as "amateurs when it comes to being in the plant and horticulture business," Channel's president and ceo Joe Nusim said he wanted a "pro" to boost sales of live plants.

The buyer is expected to join Channel at the start of 1993.

The expansion would mean that each of Channel's stores would have a live plant department. Now, such departments are scattered on a district-by-district basis.

The expansion does not mean that each of the stores would have the same line of live plants and horticulture products, Nusim stressed.

He wants a horticulture buyer who will be able to tailor the product line to a particular store.

Nusim wants live plants to equal 2 to 3 percent of total sales from its current 1 percent, which means if Channel hits its goal of $330 million in sales this year, $6 million would come from live plants.

COMMUNITY SERVICE

Roster of companies helping storm victims grows

MIAMI — *The following are some of the numerous companies that donated money and materials to the victims of Hurricane Andrew in Florida and Louisiana:*

• **Pennington Seed**, Madison, Ga., together with **Super-Valu Inc.**, Atlanta, donated batteries, candles, flashlights, cheese, raisins, cantaloupes, nectarines, soaps, diapers, work gloves, water, juices, charcoal.

• Maine lumber producers **Hancock Lumber, Thomas Hammond & Son** and **Sebago Pacific** donated two tractor-trailer loads of pine roofing and sheathing material to Florida.

• **Hill Behan Lumber Co.**, which operates stores in New Orleans, donated five truckloads of building materials, worth $20,000, to South Louisiana.

• **R.D. Werner** donated 50,000 pounds of food and health care supplies, more than 1,000 ladders and $55,000, all of which was distributed through the Salvation Army.

• **Rickel Home Centers**, South Plainfield, N.J., donated a trailer of paint supplies, concrete, trash cans, trash bags, flashlights and shovels.

• **Weyerhaeuser**, Tacoma, Wash., distributed six truckloads of lumber and building materials valued at $53,000 from its Harahan, La., DC, and donated $25,000 to the local chapter of the American Red Cross.

• **Georgia Pacific**, Atlanta, donated more than 20 trailer loads of structural panels, lumber and roofing felt, plus made cash donations to the Governor's relief funds in Louisiana and Florida American Red Cross and Salvation Army.

• Other manufacturers that donated building materials included **Boise Cascade,** Boise, Idaho; **Champion International Corp.,** Stamford, Conn.; **Hunt Plywood Co.,** Pollock, La.; **Louisiana Pacific Corp.,** Portland, Ore.; **Norbord Industries,** Val d'Or, Quebec; **Northwood Panelboard Co.,** Bemidji, Minn.; **Norbord Industries,** Toronto; **Riverwood International Corp.,** West Monroe, La.; **Union Camp Corp.,** Chapman, Ala.; **and Williamette Industries,** Portland, Ore.

• **DeWalt Industrial Tool Co.**, Hampstead, Md., donated $50,000 worth of corded and cordless power tools.

• **Thermos**, Schaumburg, Ill., provided a trailer load of 74-quart coolers to Houma, La., to help refrigerate food.

• **States Industries**, Eugene, Ore., donated hardwood plywood paneling and exterior siding to south Florida.

• **UnionTools**, Columbus, Ohio, donated 2,300 shovels and tools to help in the cleanup effort of Homestead, Fla., distributed from a trailer where Scotty's store once stood.

• **PakMix**, Toledo, Ohio, donated 47,000 pounds of repair materials to south Florida.

Storm relief raises new challenges

Industry must focus on long-term solutions to affordable housing

by Ken Schept

This is the third consecutive issue of *National Home Center News* that has contained stories describing the industry's response to Hurricane Andrew's devastation of South Florida and Louisiana.

The coverage reflects the terrible dimension of this catastrophe and the commensurate reaction by industry associations, retailers, wholesalers and suppliers.

In addition to emergency relief supplies, these organizations have sent enormous amounts of lumber and building materials into the affected communities to help with the recovery efforts.

The home improvement industry was positioned perfectly to be of assistance because of the nature of this disaster, in which tens of thousands of homes sustained major damage or were completely obliterated by the fearless storm.

We can all be proud to be part of an industry that responded to Andrew's wrath with competence and generosity. However, there is still much to do.

Late last month, a small group of industry executives met in Miami with officials from several local community organizations. By that time, food and at least temporary shelter were available to the storm's victims. But piles of mangled trees and debris and the deeply scarred homes and businesses bring the whole picture into focus and made it clear that rebuilding will be a daunting process, one that is expected to take three years.

Several lessons emerge from this natural disaster:

- The industry can respond quickly to a disaster;
- It is willing to provide much-needed lumber and building materials;
- But the emergency logistics could be made more efficient; and
- Long-term rebuilding requirements need attention.

Our challenge as an industry is to take these lessons and integrate them into a national plan for responding to the massive rebuilding needs in Florida and Louisiana; to other extraordinary disasters that may arise in the future and to the sustained need for affordable housing throughout the country.

All comments and questions are welcome and should be directed to Ms. Moira Danehy, director of the Home Improvement Industry Affordable Housing Coalition, at (212) 455-9855 (phone); (212) 682-5929 (fax).

Suppliers gear up to prove credibility

Seek to gain consumer confidence in their environmental claims

by John Caulfield

Is green marketing dead?

This provocative question was posed this summer by *Advertising Age*, the same publication that, in 1991, conducted a much-touted and jam-packed seminar on the efficacy of green marketing and manufacturing.

While it answered its own question with a firm no, *Ad Age* did allude to polls which showed consumers being more than a little skeptical about the environmental claims made by companies about their products and packaging. While more than 70 percent of 1,000 people polled admitted that labeling and advertising influenced their purchasing decisions, close to 30 percent said they rarely, if ever, believed environmental assertions.

Despite these doubting Thomases, there has been no shortage of companies casting the environmental hook to lure customers to their new products. Glidden's Spread 2000, a latex paint reputed to have no solvents or volatile organic compound (VOC) content, is being touted as a "clean-air formula." A Tucson, Ariz.-based supplier, Innovative Formulations, this month has been hyping its new partnership with Payless Cashways to promote (and, perhaps, validate) its roof paint and MirrorSeal roof-coating products—each free of lead, mercury and asbestos and low in VOCs.

Clorox, the maker of such well-known products as Kingsford Charcoal and Formula 409, has 50 people on staff dedicated specifically to environmental concerns, to which it has made a corporate commitment. For example, by the end of this year, 5 percent of all the packaging used by the company will be made from post-consumer waste, according to Sandy Sullivan, Clorox's consumer information and education manager.

As our stories, which begin on page 25, show, home improvement suppliers have been particularly active in their efforts to reduce the amount of packaging their products use. And new environmental marketing guidelines issued in late July by the Federal Trade Commission could help substantiate product and packaging claims.

But these initiatives must overcome resistance by consumers who understandably have become jaded by past environmental claims which turned out to be patently false. Suppliers and dealers have their work cut out for them to cure consumers of their allergy to most things marketed as "environmentally friendly."

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Suppliers answer demand for 'greener' packaging

But using recyclable materials raises theft, damage concerns

by Ed Purce

NATIONAL REPORT — Next month, Credo is scheduled to begin shipping its 5,000-sku line of hand and power tool accessories in packages made entirely of recycled materials.

The Woodburn, Ore.-based vendor is one of myriad hardlines and building materials manufacturers on the frontline developing more "environmentally friendly" packaging for products sold in home centers and hardware stores.

The more than one dozen companies contacted for this article explained their efforts in this area in terms of doing the right thing for the environment, of meeting an obligation spurred by good will, and responding to consumers who are becoming increasingly concerned with reducing the amount of waste dumped into landfills.

These suppliers also are facing the reality that it is only a matter of time before most states in this country enact stricter dumping laws.

Those vendors with international market penetration are all-too-familiar with stringent solid waste disposal restrictions that are proliferating in Europe. These suppliers may be ahead of the game in the development of environmental packaging for their products distributed in the U.S.

However, going with recyclable packaging is being weighed against issues as diverse as protecting a product during shipment and from pilferage at retail.

Obstacles to hurdle

To achieve its goal, Credo needed to develop new technology. For example, it had to find a way to dimple and emboss cardboard so that its circular saw blades could be merchandised in a package that served the same purpose as the shrink-wrapped package it will replace.

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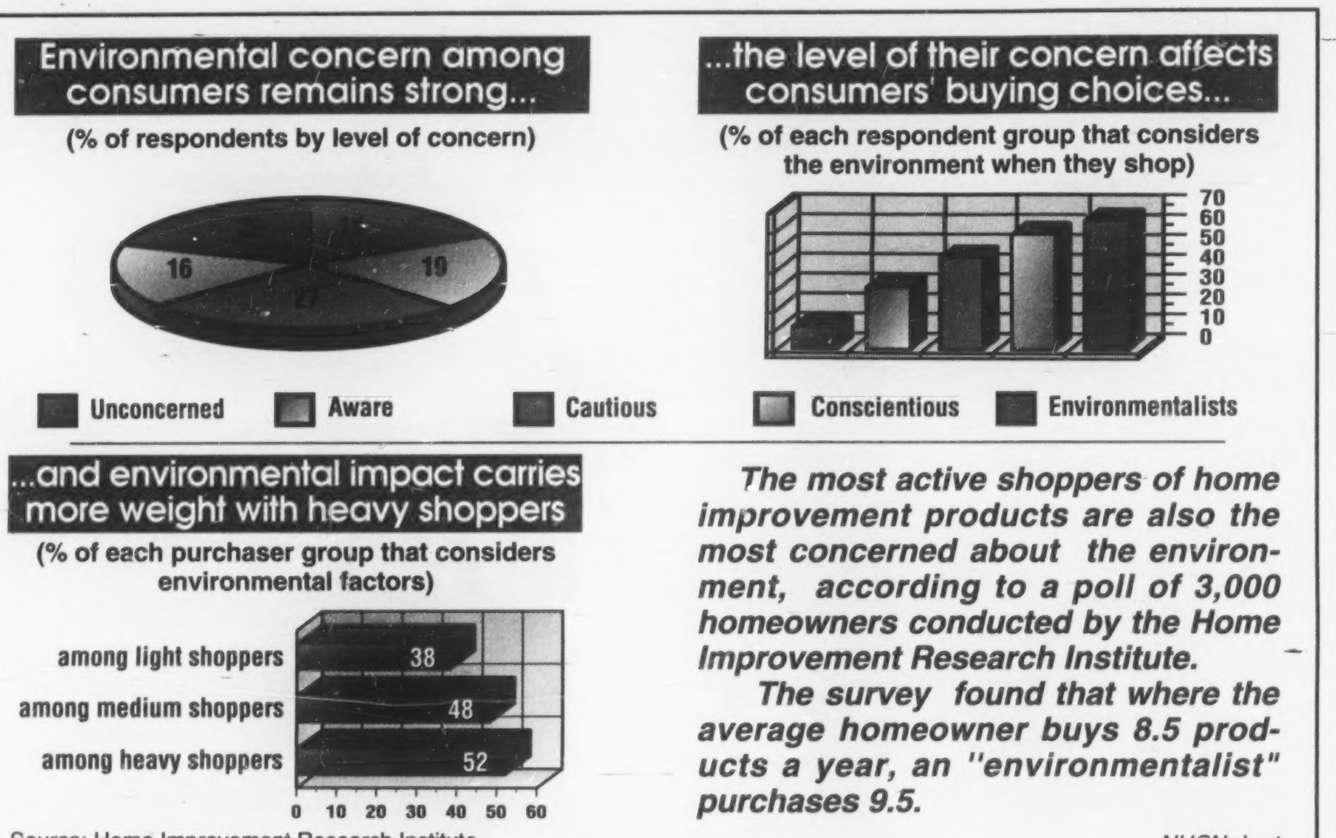

The most active shoppers of home improvement products are also the most concerned about the environment, according to a poll of 3,000 homeowners conducted by the Home Improvement Research Institute.

The survey found that where the average homeowner buys 8.5 products a year, an "environmentalist" purchases 9.5.

NHCN chart

Manufacturers follow the three 'R's: reduce, reuse, recycle

NATIONAL REPORT — Here's a look at what several manufacturers in the industry have done to reduce, reuse or recycle the materials in their packaging.

• **Vermont American** has reduced by 30 percent the weight and bulk of the boxes used to ship its tool accessories to distributors. The content of the supplier's packages is at least 60 percent recycled materials;

• **Stanley Tools** reduced the size of blister packs, which in turn permitted Stanley to reduce the size of the boxes in which the products are shipped to distributors.

Stanley is also using recycled materials and less plastics as it follows the guidelines set by the Coalition of Northeastern Governors, which calls on manufacturers to eliminate, reduce, reuse and recycle.

The supplier is using reusable totes when making deliveries to one of its distribution plants, instead of packing the materials in cardboard that is thrown away;

• **Master Lock** has stopped using Styrofoam, and is using paper and corrugated cardboard instead to protect its door knob and hardware lines.

The Milwaukee-based company has also developed a blister pack in which the plastic clam shell and the cardboard back can be separated cleanly, making it possible for both to be recycled;

• **Hunter Fan**, which two months ago introduced a new,

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Waste reduction abroad could shape U.S. policies

NATIONAL REPORT — While efforts in the United States to control solid waste caused by packaging remain pretty much voluntary, the future may resemble the status quo in Europe and, in particular, Germany—where laws aimed at reducing the amount of packaging waste ending up in landfills are being enforced.

Germany's ordinance on the avoidance of packaging waste, which became law in 1991, is a three-pronged attack on the amount of packaging waste. The final phase of the law goes into effect next year, and will give customers the "the opportunity to remove and return the secondary packaging free of charge at the point of sale or in the near vicinity of the point of sale . . . "

The final phase of Germany's ordinance on the avoidance of packaging waste will require dealers to provide customers "the opportunity to. . . return the secondary packaging free of charge at the point of sale or in the near vicinity of the point of sale . . . "

The law states that the packaging must be made from materials "which are environmentally compatible and do not hamper the environmentally compatible reuse or recycling of the materials used."

This legislation covers packaging waste generated by the product as it makes its way from the manufacturer to the distributor to the retailer and, ultimately, to the customer.

Having the store more actively involved in the recycling of packaging appears to be where the U.S. is headed, too.

On Dec. 1, Home Depot is scheduled to open a "Recycling Depot" next to its Duluth, Ga., store. It will provide customers with a place to bring separated trash and leftover building products, and to be paid for them. Home Depot is working with Mindis Recycling, a subsidiary of British-based Attwoods plc.

The Coalition of Northeastern Governors' Policy Research Center published a booklet in July that calls on manufacturers to eliminate the package altogether, whenever possible, minimize the amount of material used in packaging; design packages that are returnable, refillable or reusable; and produce packages that are recyclable.

Three dozen various corporations—including Newell Home Hardware Cos. and Black & Decker—are voluntarily trying to diminish the amount of waste generated by their packaging by following the Preferred Packaging Guidelines.

For more information about the Guidelines, contact the CONEG Source Reduction Task Force, CONEG Police Research Center, 400 North Capitol St. N.W., Suite 382, Washington, D.C., 20001.

aging because, for the most part, there is no guarantee that the material would be recycled, so why bear the added expense?

He, like others, said an infrastructure, like the one that exists in many states for returnable beverage bottles, has to be created before the recycling of cardboard and plastic will be effective.

Nonetheless, the time has come to revamp the way products are packaged, said Richard Lindsay, director of industrial affairs for the National Retail Hardware Association (NRHA). The push is on to eliminate, reduce, reuse and recycle the packages that hold the power tools, batteries, home decor products and roofing materials sold in home centers, lumberyards and hardware stores, he said.

The NRHA and the Home Center Institute are working with Scientific Certification Systems, an Oakland, Calif.-based organization best known for its Green Cross symbol, to validate the environmental claims made by manufacturers about the products they sell to retailers. Part of the program, which was unveiled last August at the National Hardware Show in Chicago, is offering manufacturers advice about making their packaging more environmentally friendly, Lindsay said.

He is encouraged by the moves these manufacturers and many others have made to become more environmentally conscious about the way they package their products.

Manufacturers are coming to realize that the day is coming when the "home center won't accept high-visibility cards with the life story of the product on them," Lindsay said.

No one wants to deny the vendor or the retailer the right to provide the customer with information at the point of purchase, he said. But there is a way to do it with packaging that is environmentally friendly.

Lindsay also thought Credo's just-do-it attitude towards environmental packaging is one that should be followed by suppliers industrywide which are finding excuses not to move in this direction.

Manufacturers join quest for a cleaner earth

(Continued from page 25)

unified look to the packaging of its lighting, ceiling fan and air purifier lines, uses at least 21 percent recycled materials in the manufacture of its packages. Hunter also uses nontoxic inks for graphics and instructions on the boxes;

• **Homelite** developed a wedge-shaped carton made of 100 percent recycled materials that uses 40 to 50 percent less material than the rectangular-shaped boxes it used to ship its string trimmers in.

The company is also working on a way to use crinkled paper instead of Styrofoam to protect a product inside a box. The paper is run through a special machine; it is supposed to be cheaper than Styrofoam;

• **Panasonic** packages its batteries and lighting products in blister packs that are made with recycled plastic and cardboard. The supplier is working on developing a water-based glue to replace the solvent adhesive used to attach the two components;

• **Owens-Corning** (O-C) has been wrapping its roofing materials, notably shingles, in a polyethylene that reduces by 60 percent the weight and by 75 percent the volume of the package, compared to paper wrap.

Among other benefits, the polywrap takes up less space when it's shipped: 20,000 polywrappers can be shipped on one pallet compared to 6,000 paper wrappers per pallet, meaning the wrapper manufacturer ships 400,000 individual polywrappers per truckload to O-C, compared to 168,000 paper wrappers per truckload;

• **Ace Hardware**, over the last three months, has reduced by as much as 60 percent the amount of plastic and chipboard used to package tools that are made under a private label for Ace;

• **Olin Pool Products** early next year will introduce a five-gallon drum for pool chemicals that is made of recycled plastic;

• **Plumb Shop** has decreased by 33 percent the volume and by 10 percent the weight of packaging for installation kits, such as those for faucets. It did so by eliminating a preformed polystyrene block, used to encase the product inside the package, and replacing it with a corrugated tray;

• **Moen** is reducing, wherever possible, the amount of materials needed to provide adequate protection for products during shipping. It is trying not to glue plastics to corrugated boards so that the two can be separated for recycling. Moen is also trying to use more recycled plastics and cardboard for its packages;

• **Rubbermaid** has eliminated polystyrene and reduced the amount of packaging for its Sink Sets, a move the company claims will save more than 25,000 cubic feet of landfill space a year; and

• **Dow Corning** is now packaging it sealants in foil sausage pack, rather than plastic, and is reducing the size of the package.

The message is simple: Some people buy Moen faucets because they look so good.

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Circle (019) on Reader Service Card

Rickel revamps stores in warehouse wars

(Continued from page 5)
parity in the home center advertising arena, we have created a marketing campaign to clearly differentiate Rickel from the 'warehouse' concept," said Dick Sullivan, Rickel's vice president of marketing, when the campaign got underway.

Rickel hopes to capture homeowners who are 25 and older, have average household incomes of $40,000, and are interested in less complicated repair and redecorating projects.

To make it easier for shoppers to find what they need, Rickel said it has updated its signage, making it bigger and brighter and hanging it from the ceiling to catch the customer's eye. In addition, the layout of many of the stores has been revamped; the aisles are wider and departments are grouped by category. The product line has also been expanded, most notably lighting products and faucets and sinks.

The television and radio spots went on the air in April; the circulars went out at the end of August. The campaign will run through the fall, take a winter hiatus and resume with fresh commercials in the spring, said Bruce Wagoner, vice president and management supervisor for Pedone & Partners, the New York advertising firm that worked with Rickel.

To make it easier for shoppers to find what they need, Rickel has updated its signage, making it bigger and brighter and hanging it from the ceiling to catch the customer's eye. Product lines have also been expanded.

Sullivan, who played a role in developing the new marketing strategy, will not be with Rickel when the new commercials are aired. He recently joined Home Depot, one of the warehouse stores Rickel was differentiating itself from.

He had been vice president of marketing at Rickel since 1990.

Sullivan, 36, will be vice president of advertising, a newly created position at the top home center chain, which is based in Atlanta. In this capacity, he will be responsible for all advertising functions including production, agency relations, media and co-op advertising.

"We're enthused" about Sullivan joining Home Depot, Richard Hammill, senior vice president of marketing and advertising, said in a press release. "We will benefit from his expertise as the Home Depot continues to grow." Home Depot has 191 stores and hopes to triple that number by 1996.

National merger could broaden builder focus

(Continued from page 1)
counter market. Its sales were $25 million from retail operations and $10 million from wholesaling last year, according to BWA president Joe McCartney.

In 1991, National had sales of $70 million from five stores.

Under a preliminary scenario for merger, BWA would operate under the National banner with Newman as president of the combined company. BWA would be a separate division with McCartney as president. If the merger is consummated, McCartney expects the new company to file for listing on the American Stock Exchange.

"We're a long way from anything, but it's our intention to pursue it," Newman said of the merger.

The two operations differ in size and scope. BWA, founded by McCartney, a former Wickes Lumber manager, operates stores that average 5,000 square feet in retail space with 100,000- to 110,000-square-foot warehouses.

They carry 1,800 contractor-oriented stockkeeping units, including heating and ventilation and paint lines, but no plumbing or electricals. In addition to the main store in Conway, it operates units in Bentonville, Parks, Clarkville and Harrison, Ark.

National, which acquired its sixth store in Bentonville in June, has an average store size of 38,000 square feet with 18,000 skus. Its sales are split almost evenly between DIY or retail sales and builder business. It operates one superstore in North Little Rock, which is 90,000 square feet of retail space and 150,000 square feet of warehouse space.

Newman said regardless of the merger, it plans to add 180,000 to 230,000 square feet of new retail space next year with stores in West Little Rock, Conway and another unnamed location. In addition to Bentonville and North Little Rock, National currently operates in Fort Smith, Little Rock, Rogers and Springdale.

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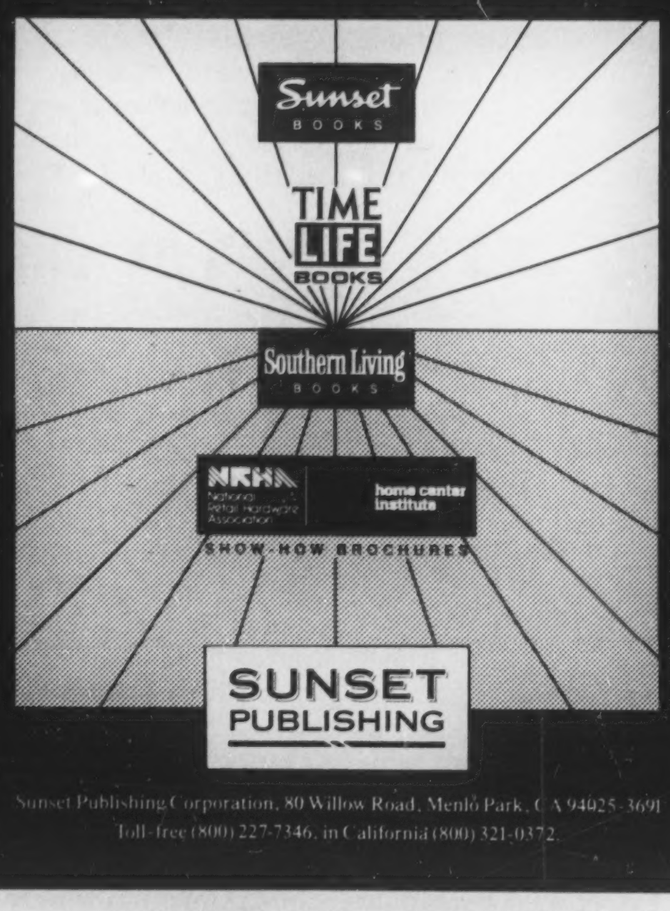

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Circle (023) on Reader Service Card

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